

The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company JJB Sports Plc	Company number 01024895
In the High Court of Justice Chancery Division, Companies Court	Court case number 7447 of 2012

We,

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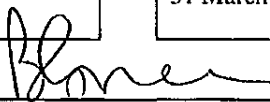
IP number 9336

IP number 8370

Joint Administrators of the Company, attach a progress report for the period

from	to
1 October 2012	31 March 2013

Signed

  
Joint Administrator

Dated

24 April 2013

**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.

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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

SATURDAY



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COMPANIES HOUSE



**JJB Sports plc - (in administration)**  
**("the Company")**

**Progress report for period**  
**from 1 October 2012 to 31**  
**March 2013**

KPMG LLP  
24 April 2013  
This report contains 31 pages

BG/JR/TM

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*KPMG LLP*  
*24 April 2013*

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*KPMG LLP*  
*24 April 2013*

## About this report

This Report has been prepared by Brian Green, David Costley-Wood and Richard Fleming, the Joint Administrators of JJB Sports plc, solely to comply with their statutory duty under the Insolvency Act 1986 and the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency Act and Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this progress report to any such person.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.

Please note that unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

## 1 Executive Summary

- The Directors resolved to appoint Brian Green, David Costley-Wood and Richard Fleming of KPMG LLP as Joint Administrators of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986
- The notice of appointment, Form 2 9B, was lodged on 1 October 2012 and the Joint Administrators were duly appointed
- In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either or all of them
- This progress report covers the six month period from appointment to 31 March 2013
- We circulated our Statement of Proposals ("Proposals") to all known creditors on 23 November 2012. They were deemed approved without modification on 5 December 2012
- There was no prospect of saving the Company as a going concern. Accordingly the Joint Administrators' role has been limited to the realisation of the remaining assets (see Section 2 - Progress to date). Therefore, the purpose of the administration, in accordance with Paragraph 3(1) (b) of Schedule B1 to the Insolvency Act 1986 is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- The assets of the Company were sold via a pre-packaged sale (Section 2 - Progress to date)
- To date distributions of £20.6 million have been made to the secured lenders in respect of the Company (Section 2.8 - Dividend prospects)
- The Company paid all pre-appointment wages, expenses and accrued holiday prior to the appointment of the Joint Administrators. However, since their appointment, the Joint Administrators have been made aware of potential preferential claims relating to banked holiday. These claims (if valid) would be paid as a 100 pence in £ dividend (Section 2.8 – Dividend prospects)
- Based on the expected level of realisations and the amounts owed to the secured creditors, the Joint Administrators anticipate that there will be sufficient funds available to facilitate a distribution to unsecured creditors of the Prescribed Part under Section 176A of the Insolvency Act 1986 (see Section 2.8 – Dividend prospects)
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices (see Section 4 - Comments on the Appendices and the Appendices)
- The Joint Administrators complied with their statutory duty to report on directors' conduct



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24 April 2013

- It is the Joint Administrators' intention to apply to court to seek permission to extend the administration by 24 months and to distribute the Prescribed Part to unsecured creditors
- This progress report should be read in conjunction with our other reports issued to the Company's creditors by the Joint Administrators.
- Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT

A handwritten signature in black ink, appearing to read 'B Green', with a series of dots below it.

Joint Administrator – Brian Green

## 2 Progress to date

### 2.1 Strategy and progress to date

#### 2.1.1 Strategy

JJB Sports plc was incorporated on 22 September 1971 and had grown to become one of the UK's leading retailers of sports equipment and clothing. The Company was the main trading entity and parent company of the JJB Group.

The Group had three trading entities, namely Blane Leisure Limited ("Blane"), which was incorporated in 1988 in Scotland, Sports Division (Eireann) Limited ("Sports Division Eire"), incorporated in 1995 in the Republic of Ireland and JJB Sports plc, all of which held leases for stores trading under the JJB name.

At the date of the Joint Administrators' appointment, the Group traded from 159 leasehold stores in the United Kingdom and Republic of Ireland and through its websites, [www.jjbsports.com](http://www.jjbsports.com) and [www.jjbteamwear.com](http://www.jjbteamwear.com) and via an online shop with eBay.

The Group had a further 68 stores that had been closed but the leases had not yet been surrendered to landlord's following the Company Voluntary Arrangements of 2009 and 2011 ("CVA stores").

The leases held by the Group were divided as follows:

- 109 trading stores and 55 CVA stores were held by the Company and located throughout England and Scotland,
- 41 of the Group's trading stores and 10 of the CVA stores were in the name of Blane and located throughout England and Scotland,
- four trading stores located in the Republic of Ireland were held by Sports Division Eire,
- four trading stores and two CVA stores were held in SSL Retail Limited, which was incorporated in 1977, and was a non-trading entity, and
- one trading store and one CVA store was held by SSL Sportswear and Leisure plc. Incorrect Group information stated that these leases were held within SSL, but the Joint Administrators were able to ascertain the correct ownership following a review of the relevant lease documents.

The other subsidiaries of the Company are dormant and non-trading, or in liquidation.

The Joint Administrators also submitted a report to the Department for Business, Innovation and Skills regarding the affairs of the Company. Time costs of £33,012 (106 hours) have been incurred in respect of the reporting on the directors' conduct.



## 2.1.2 Sale of business

A number of courses of action were considered by the Joint Administrators prior to their appointment, including but not limited to

- seeking further funding to avoid an insolvency process,
- managed wind down through a trading administration,
- a sale of the business through a trading administration, and
- a sale of the business immediately following the appointment of Joint Administrators via a pre-packaged sale

After due consideration, the Joint Administrators concluded that a pre-packaged sale immediately following their appointment would produce the best anticipated return to creditors

The sale included the Group's interest in 20 of the 159 trading leasehold stores, freehold property in Wigan, assignment of intellectual property rights, intellectual property licences, goodwill, furniture and equipment and stock in stores, warehouses and in transit. Of the 20 stores agreed to be assigned to the purchaser

- 13 of the leases were vested in the Company,
- five in Blane, and
- two in SSL

However, the sale excluded the 207 remaining leasehold stores held in the Group's property portfolio, book debts, cash in transit and various registered trademarks held by the Group. In addition and as stated previously, all assets owned by Sports Division Eire were also excluded from the sale

Time costs of £88,589 (153 hours) have been incurred on the sale of business

## 2.2 Communication

The Joint Administrators wrote to all known creditors on 2 October 2012 advising them of their appointment

Following this, the Proposals were circulated to all known creditors of the Company on 23 November 2012. They were deemed approved without modification on 5 December 2012

To date time costs of £32,676 (87 hours) have been incurred in respect of the statutory reporting to creditors and £24,665 (49 hours) in respect of reporting to secured lenders

## 2.3 Pre-administration work and costs

### 2.3.1 Pre-administration work

Pre-appointment work was undertaken prior to the appointment of the Joint Administrators. As the disclosures under Rule 2.47(2) (b) were not included within our Proposals, the relevant disclosures are provided below.

#### **KPMG**

As previously stated, on 30 August 2012, the JJB Group instructed KPMG to assist them in seeking a buyer for the Company or the JJB Group. KPMG monitored the process, which remained under the direction and control of the Directors, from the outset and summarised in the SIP 16 memorandum, circulated to all creditors on 1 October 2012.

As previously advised, it was not possible to affect a sale of the shares of the Company. Therefore given the financial position of the Group, the Directors filed a notice of intention to appoint an administrator on 24 September 2012.

In the period 24 September 2012 to 1 October 2012 (being the date of appointment) KPMG

- provided advice to the Directors in relation to the administration appointment,
- assisted with the sale of business process as detailed in the SIP 16 memorandum, and
- liaised with key stakeholders.

#### **Herbert Smith Freehills**

Herbert Smith Freehills were also instructed by the JJB Group in September to provide advice in relation to the sale process. The work undertaken in the weeks leading up to the appointment of the Joint Administrators was as follows:

- Preparing the court appointment documents (including Form 2.8B notice of intention to appoint, Form 2.9B notice of appointment, Para 100(2) statement and other statutory appointment documents),
- Advising in connection with the timing of the Joint Administrators' appointment and legal issues arising out of the appointment (including (i) liaising with secured lenders and their respective solicitors, (ii) advice on the scope of the interim moratorium, (iii) advice on the ranking of rent and other liabilities in the administration following the decisions in the *Goldacre* and *Luminar* cases, and (iv) advice on ensuring the validity of appointment following the *Minmar* line of authorities),
- Arranging the formalities of all necessary appointment documentation to be signed in accordance with the Insolvency Act and Rules and attendance at the Royal Court of Justice to file the Notice of Intention and Notice of Appointment,

- Assisting with drafting of the asset sale agreement, general forms of release and structure of security release with the secured lenders, advice in relation to relevant employment legislation, Office of Fair Trading and other regulatory issues and requirements under the Listing Rules, verification of various property schedules and appropriate DS1 release forms, and
- Negotiating a final form sale agreement and other transaction documents with the purchaser and completion of the pre-packaged sale

It is due to the nature of a pre-packaged sale that these costs had to be incurred in the weeks prior to the appointment of the Joint Administrators on 1 October 2012

The work carried out by KPMG and Herbert Smith Freehills lead to completion of the pre-packaged sale. This sale ensured that realisations were maximised and will further assist in achieving the Paragraph 3(1) (b) purpose of the Administration

### 2.3.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed above

	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	180,000.00	-	180,000.00
Herbert Smith Freehills	87,899.16	188,848.70	276,747.86
<b>Total</b>	<b>267,899.16</b>	<b>188,848.70</b>	<b>456,747.86</b>

All costs paid prior to the administration were paid by the Company

## 2.4 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2)

Below are summarised the most significant realisations during the period

### 2.4.1 Sale of business and its assets

The Joint Administrators successfully completed a sale of the business and majority of its assets shortly after appointment. The sale included the following apportionment of the assets to the Company

Asset	Consideration (£)
Freehold Property	8,000,000
Leasehold Property	1,300,000
Assigned Intellectual Property	99,998



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Intellectual Property Licences	800,000
Goodwill	75,000
Furniture and Equipment	750,000
Stock	9,480,708
<b>Total</b>	<b>£20,505,706</b>

Upon completion of the sale agreement ("APA"), a licence fee payment was received from the Purchaser in respect of the rent, service charge and insurance for the period during which the Purchaser occupied 20 Group stores under a Licence to Occupy. We have received in total £1.1 million in relation to the stores where the leases are held by the Company.

#### 2.4.2 Store closures

As previously reported, following their appointment, the Joint Administrators' staff attended all of the UK stores that were to be closed following the completion of the sale, secured the premises, collected any cash and books and records and made the staff at the stores redundant. Each of the store managers was retained for the first week of the administration to assist with providing access to the Purchaser to remove the stock and other assets purchased under the APA.

Subsequently, and to reduce the Joint Administrators' time costs, Vacant Property Specialists (UK) Limited ("VPS") were appointed to

- give access to the Purchaser to complete the removal process,
- to continue to secure the premises,
- to remove any books and records, and
- to collect any remaining cash in stores.

VPS's costs have now been finalised and the total costs paid to VPS amount to £77,238. Further, £9,430.00 has been paid for removal of books and records from various locations around the UK.

#### 2.4.3 Marketing of leasehold property

Additionally, the Joint Administrators instructed Prime Retail Property Consultants LLP ("Prime Retail") to market the remaining 177 of the Group's property portfolio of stores. These stores comprised 129 of the 133 stores closed on the date of appointment and a number of stores closed under the CVA which had not yet been surrendered back to the appropriate landlord or were considered to have no value.

Four stores were not marketed due to quarter rent dates prohibiting the marketing process, or due to a break notice being served by the landlord.

The marketing campaign ran to 15 October 2012 and Prime Retail received strong interest from five external parties. Additionally, a number of landlords expressed an interest in taking back their leases for a surrender premium payable to the Company.

The Group received offers from three external parties for a combined total of 28 stores of the Group's property portfolio. The Joint Administrators pursued the three offers but unfortunately two of the parties subsequently withdrew.

At the date of reporting, the Joint Administrators have completed 6 surrenders for total gross premiums of £165,000 and a further 1 store has been assigned for gross consideration of £50,000 paid to the Company. In addition, a £5,000 non-refundable deposit has been realised following an interested party's failure to assign a lease.

Following the marketing exercise, it was confirmed that the remainder of the leases held no value and the Joint Administrators began a process of offering these leases for surrender. At the reporting date, the Joint Administrators had offered all remaining Group leases for surrender. To date, a further 21 of the Group's leases have been accepted for surrender.

Time costs of £547,281 (1,615 hours) have been incurred in respect of the leasehold properties.

**2.4.4 Intellectual Property Licences**

The Joint Administrators realised a further £160,000 in relation to registered trademarks held by the Company that were not acquired by the Purchaser.

**2.4.5 Leasehold property deed of assignment**

The Joint Administrators realised £39,049 in relation to the settlement of a pre-appointment deed of assignment.

**2.4.6 Rental income**

We have received £4,382 from Torque Logistics, the subtenant in the head office in Wigan for their period of occupation.

**2.4.7 Third party funds held by JJB**

The Administrators currently hold £811,451 in relation to potential third party funds. These need to be reconciled, ownership confirmed and then these will be transferred to the appropriate owners.

**2.4.8 Post-Appointment Invoicing**

At the date of this Report, total monies of £40,490 had been recovered from third party voucher companies following invoicing post-appointment.

**2.4.9 Book debts**

The Joint Administrators have recovered £187,407 in relation to pre-appointment book debts in the period.

Time costs of £81,259 (256 hours) have been incurred in respect of debtor recoveries.



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**2 4 10 Cash from stores**

Cash of £365,190 held in those stores vested in the Company's name was collected on the date of appointment

**2 4 11 Unallocated cash**

We have further received £88,748 into the Company's pre-appointment bank accounts. To date, we have been unable to identify the source of these funds and therefore correctly allocate the realisations.

We are currently working with Lloyds TSB Bank plc on identifying the payees and correctly allocating these funds.

**2 4 12 Cash at bank**

To date cash at bank of £2,646,402 has been collected and can be allocated as follows

Financial Institution	Amount (£)
Royal Bank of Scotland Group plc	581,399
/ NatWest Bank plc	
First Data Merchant Services	1,770,000
Lloyds Bank and various refunds	98,406
Ulster Bank Limited	157,219
American Express	39,378
<b>Total</b>	<b><u>2,646,402</u></b>

To date, the Joint Administrators have incurred time costs of £183,286 (453 hours) in respect of cash and investments.

**2 4 13 Sundry refunds, sundry debtors and insurance refunds**

The Company has received

- sundry refunds totalling £165,486,
- sundry payments totalling £699, and
- insurance refunds amounting to £74,422

**2 4.14 Rates refunds**

The Joint Administrators have received rates refunds totalling £475,762

**2 4 15 Petty cash**

Petty cash totalling £922 was collected from the Company's head office on the date of appointment

#### 2.4.16 **Bank interest**

At the date of reporting, the Joint Administrators had received bank interest of £7,447 relating to the fixed charge, £5,951 relating to the floating charge and £43 in relation to the completion monies held by our solicitors prior to transferring them

#### 2.5 **Investigations**

The Administrators have a statutory duty to investigate the directors' conduct. We have now complied with this duty. This report and its contents are confidential.

#### 2.6 **Cost of realisations**

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

The following is a summary of the payments made during the period

##### 2.6.1 **Direct Labour**

The Company has incurred costs and expenses of £278,391 and £2,981 respectively for direct labour arising from the initial administration process

To date, the Joint Administrators have incurred time costs of £168,000 (594 hours) in respect of correspondence with employees

##### 2.6.2 **Heat & light**

The Joint Administrators have incurred £41,332 of utility costs

##### 2.6.3 **Legal fees**

The Joint Administrators engaged Herbert Smith Freehills and Brodies as their legal advisers, the former to advise in relation to English law and the latter with regard to Scots law

Legal fees have been incurred as a result of work following the completion of the APA, dealing with various ROT claims, issues with landlords and other statutory obligations of the Joint Administrators

Unpaid legal fees totalling £180,849 were incurred pre-administration, as summarised at Section 2.3. It is proposed that the pre-administration costs incurred by Herbert Smith Freehills will be paid as an expense of the Administration under Rule 2.67A of the Insolvency Rules. Please see Section 2.3 – Pre-administration work and costs for further details

The payment of unpaid pre-administration costs as an expense of the Administration is subject to approval under Rule 2.67A of the Insolvency Rules. Accordingly, as the Joint Administrators have not convened a meeting of unsecured creditors, the payment of unpaid pre-administration costs are subject to the approval of the secured and preferential creditors under Rule 2.67(A)(3)(b)(ii) of the Insolvency Rules.

To date, the Joint Administrators have paid Brodies LLP £21,910 in respect of their legal advice on various property matters

Further, £12,000 and £3,498 has been paid to Hill Dickinson in respect of legal fees and disbursements respectively on the pre-appointment deed of settlement

In addition, Dundas and Wilson LLP were engaged to assist with the leasehold property surrenders and assignments and have currently been paid £21,583 in fees and disbursements. Further legal costs of £690 have been paid in relation to the signing of appointment documents of which £360 has been invoiced to Sports Division Eire

#### 2 6 4 **Agents'/Valuers' fees**

Following the marketing of the Group's property portfolio, the Company have incurred costs of £42,500 with regard to Prime Retail's fees in relation to the premium surrenders

In addition, the Joint Administrators paid £1,870 to Vital Property Solutions to perform Energy Performance Certificates at the Company's head office.

Further payments were made to Colliers International (£4,950) in respect of premium valuations and Carter Jonas (£450) in respect of their planning advice

#### 2 6 5 **Transferred stores – rent and service charge**

As discussed above at Paragraph 2 4 1, the Company received a licence fee payment in respect of the rent, service charge and insurance for the period from 1 October 2012 for the 13 stores that the Purchaser occupied under a Licence to Occupy

At the date of reporting, £697,850 has been paid to landlords in respect of rent and £152,441 in respect of service charges

#### 2 6 6 **Voucher commission**

Under the existing contracts, commission of £10,436 has been paid to third party voucher companies in relation to vouchers redeemed at the Company stores prior to 1 October 2012

#### 2 6 7 **DTZ commission**

The Administrators paid DTZ £52,462 in respect of their rates refund commissions

#### 2 6 8 **Equipment rental**

The Joint Administrators incurred £2,054 for the rental of printers at the Company's head office and £21,206 in relation to the rental of computer equipment

#### 2.6.9 **Payments on behalf of Sport Direct Group ("SDI")**

To date, the Joint Administrators have made various payments amounting to £6,138 on behalf of SDI. These payments will be refunded by SDI



## 2.6 10 Professional fees

The Administrators engaged Insol Employee Solutions Limited to assist them with employee queries via an employee helpline. The total costs associated with the employee helpline amounted to £8,033.

## 2.7 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

## 2.8 Dividend prospects

### 2.8.1 Secured creditors for the Group

All secured debt within the Group was subject to cross guarantees, which therefore apply to the Company.

Lloyds TSB Bank plc has the benefit of a first priority guarantee and debenture dated 24 May 2011, providing a fixed and floating charge over the Group's assets.

The Group had received funding from the Bank who had provided working capital facilities of £25 million plus associated ancillary facilities totalling £13 million. These total borrowings and facilities of £38 million were subject to cross guarantees between the Group and the other subsidiary entities, which are secured by debentures dated 24 May 2011.

The amount owed to the Bank at the date of appointment in relation to the above facilities is approximately £23.4 million.

As at the reporting date, the Joint Administrators have distributed a total of £20,622,049 to the Bank from the Company under its fixed and floating charges.

In addition, the Group had received significant additional funding from Dicks Sporting Goods ("DSGI") and Adidas totalling approximately £20 million and £15 million respectively, which are secured by a guarantee and debenture dated 27 April 2012.

The Joint Administrators anticipate that the second priority secured creditors will ultimately suffer a material shortfall.

The Joint Administrators' solicitors, Herbert Smith, have reviewed the various charges held by Lloyds, DSGI and Adidas and have confirmed their validity.

### 2.8.2 Preferential creditors

The Company paid all pre-appointment wages, expenses and accrued holiday prior to the appointment of the Joint Administrators.

However, since their appointment, the Joint Administrators have been made aware of potential preferential claims relating to banked holiday. These claims (if valid) would be paid as a 100 pence in £ dividend.



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In the next four weeks it is the intention of the Joint Administrators to write to the employees who may have banked their holidays and ask them to submit their claims

If valid, the Administrators intend to immediately declare the dividend of 100 pence in £ and pay these dividends to the preferential creditors

### 2 8 3 **Unsecured creditors**

The Directors' Statements of Affairs indicates that unsecured claims against the Company total £212.2 million of which

- £117.3 million relates to inter-company debt;
- £29.9 million to stock suppliers,
- £28 million to property and other provisions,
- £9.1 million to landlords, and
- £27.9 million to other unsecured creditors

In this case there will be the maximum prescribed part of £600,000 made available to unsecured creditors

Unfortunately, there will be no distribution to unsecured creditors in the Company other than the prescribed part

The Joint Administrators intend to seek permission of the Court to make a distribution to unsecured creditors of the Company, in respect of the Prescribed Part pursuant to Paragraph 65 of Schedule B1 to the Insolvency Act

### 2 8 4 **Shareholders**

There will be insufficient funds to see a distribution to the Shareholders of the Company

## 3 **Future strategy**

### 3 1 **Future conduct of the Administration**

We propose to continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to

- Day to day management of the administration,
- Continuing to pursue various assets,
- Dealings with the landlords regarding ongoing rent, service charges and insurance,
- Dealings with the landlords regarding surrender of the remaining leases,

- Settlement of any ongoing liabilities such as insurance, professional costs and other outstanding costs, and
- Application to Court to extend the Administration by 24 months and to distribute the Prescribed Part to unsecured creditors

### **3 2      Extension of the Administration**

The duration of any Administration is restricted to 12 months from the date of appointment unless it is extended by creditors or the Court

The Administration is currently due to end on 30 September 2013. However, it is our intention to seek the approval of the Court

- To extend the Administration by 24 months to enable to distribute funds to unsecured creditors, and
- To permit the Joint Administrators to make distributions to unsecured creditors of the Prescribed Part

It is the intention of the Joint Administrators to file for the Company's dissolution once all matters are resolved

## 4 **Comments on the Appendices**

### 4.1 **Statutory information**

Statutory information can be found in Appendix 1

### 4.2 **Receipts & payments account for the period**

#### **Receipts**

Please see Section 2.4 for comments on receipts

#### **Payments**

Please see Section 2.6 regarding our comment on payments made in the period

### 4.3 **Expenses for the period**

Expenses for the period are summarised in Appendix 4

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)

The office holders' time costs for the period of this progress report are also attached (see Appendix 3)

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. A creditor's guide to fees can be found at

[http://www.1301g.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov20111.pdf](http://www.1301g.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf)

However, if you are unable to access this guide and would like a copy, please contact Jack Brazier on 0113 231 3307

Since our appointment to 31 March 2013, we have incurred time costs of £2,375,838, representing 6,993 hours at an average rate of £340 per hour. This includes the Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists

A detailed breakdown of the charge out rates for the duration of the administration is included in Appendix 3 to this Progress report

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates



*KPMG LLP*  
*24 April 2013*

In accordance with Rule 2 106 (5A) of the Insolvency Rules 1986 the approval basis of remunerations are being sought from the Company's secured and preferential creditors

No fees or disbursements have been drawn to date by the Joint Administrators

The Joint Administrators have incurred and processed disbursements of £23,790 and to date no disbursements have been drawn (see Appendix 3 for further details)

Expenses for this period total £2,127,223 including amounts not yet paid (see Appendix 4 for details)

Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2 48A of the Insolvency Rules 1986 and to challenge the administrator's remuneration and expenses under Rule 2 109 of the Insolvency Rules 1986 are included in Appendix 4 should creditors wish to do so

## 5 Appendix 1

### 5.1 Statutory Information

Company name	JJB Sports plc
Company registration number	01024895
Date of incorporation	22 September 1971
Previous registered office	Challenge Way Martland Park Wigan Lancashire WN5 0LD
Present registered office	KPMG LLP St James' Square Manchester Lancashire M2 6DS
Issued share capital	405,812,703 0.01p ordinary shares 65,083,186 0.49p deferred ordinary shares
Directors	Mr D Adams Mr R Bernstein Mr L Christensen Mr R Corliss Mr M McTighe Sir M Pinsent Mr D Williams
Company secretary	Mr D Williams
Employees	2,947
Previous names	J J B (Sports) Limited until 20 October 1994

## 6 Appendix 2

### 6.1 Office holders' receipts and payments account

<b>JJJB Sports Plc</b> <b>(In Administration)</b> <b>Administrators' Trading Account</b>		
Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
POST-APPOINTMENT SALES		
Miscellaneous income	NIL	NIL
	NIL	NIL
OTHER DIRECT COSTS		
Direct labour	278,391.11	278,391.11
Employee expenses	2,980.96	2,980.96
	(281,372.07)	(281,372.07)
TRADING EXPENSES		
Heat & light	41,332.42	41,332.42
	(41,332.42)	(41,332.42)
TRADING SURPLUS(DIFFICULTY)	(322,704.49)	(322,704.49)



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**JJB Sports Plc**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
	<b>FIXED CHARGE ASSETS</b>	
8,000,000.00	Freehold property	8,000,000.00
1,400,000.00	Leasehold property	1,520,000.00
	Leasehold property deed of settlement	39,049.32
	Assigned IP	99,998.00
420,953.00	Fixtures and Fittings	NIL
1,000,000.00	IP Licences	960,000.00
	Goodwill	75,000.00
	Rent	4,381.99
	Bank interest, gross	7,446.62
	Licence Fee	1,109,931.20
	Interest on completion monies	42.93
		<u>11,815,850.06</u>
	<b>FIXED CHARGE COSTS</b>	
	Legal fees	37,411.16
	Legal disbursements	5,428.52
	Agents'/Valuers' fees	49,770.00
	Non - Transferred Store - Rent	3,814.63
	VPS Fixed costs	34,351.30
	Bank charges	20.00
	Transferred store - Rent	697,850.04
	Transferred store - Service Charge	152,441.39
		<u>(981,087.04)</u>
	<b>FIXED CHARGE CREDITORS</b>	
(10,820,953.00)	Lloyds	9,836,938.44
		<u>(9,836,938.44)</u>
	<b>ASSET REALISATIONS</b>	
	3rd party funds held by JJB	811,450.83
371,076.00	Furniture & equipment	750,000.00
	Post Appointment invoicing	40,490.04
9,196,357.00	Stock	9,480,708.47
1,344,716.00	Book debts	187,406.90
51,753.00	Computer Equipment	NIL
	Cash from stores	365,190.49
	Unallocated cash	88,748.23
3,707,673.00	Cash at bank	2,646,401.84
		<u>14,370,396.80</u>
	<b>OTHER REALISATIONS</b>	
	Bank interest, gross	5,951.25
	Sundry refunds	165,485.62
	Trading Surplus/(Deficit)	(322,704.49)
	Rates refund	475,761.94
	Petty Cash	922.17
	Sundry Debtors	698.77
	Insurance refunds	74,422.00
		<u>400,537.26</u>
	<b>COST OF REALISATIONS</b>	
	Collection of Books and Records	9,430.00
		<u>9,430.00</u>





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**JJB Sports Plc**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
VPS Floating costs	42,886.38	42,886.38
DTZ Commission	52,461.78	52,461.78
Irrecoverable VAT	19.97	19.97
Sundry Costs	233.05	233.05
Payments on behalf of SDI	6,138.00	6,138.00
Professional Fees	8,032.50	8,032.50
Subcontractors	400.00	400.00
Sundry expenses	412.60	412.60
Voucher Commission	10,435.55	10,435.55
Legal fees	16,480.84	16,480.84
Storage costs	2,305.91	2,305.91
Re-direction of mail	205.00	205.00
Statutory advertising	552.60	552.60
Other property expenses	623.00	623.00
Bank charges	66.00	66.00
Equipment rental	23,260.07	23,260.07
	(173,943.25)	(173,943.25)
<b>FLOATING CHARGE CREDITORS</b>		
(32,922,198.00) Floating charge	10,785,110.56	10,785,110.56
	(10,785,110.56)	(10,785,110.56)
<b>UNSECURED CREDITORS</b>		
(212,218,772.00) Trade & expense	NIL	NIL
(35,948,888.00) Issued and Called Up Share Capital	NIL	NIL
	NIL	NIL
<b>(266,818,283.00)</b>	<b>4,809,704.83</b>	<b>4,809,704.83</b>
<b>REPRESENTED BY</b>		
Floating ch. VAT rec'able		24,771.81
Fixed charge current		1,212,531.43
Floating charge current		3,777,245.08
Fixed charge VAT rec'able		195,771.56
Fixed charge VAT payable		(297,986.25)
Floating ch. VAT payable		(2,267.49)
PAYE/NIC		11,121.54
Floating ch. VAT control		1,009.31
Fixed charge VAT control		(112,492.16)
		<b>4,809,704.83</b>

## 7 Appendix 3

### 7.1 Analysis of office holders' time costs for the period 1 October 2012 to 31 March 2013

Consolidated time spent by grade	Partner / Director	Manager	Administrator	Support	Total hours	Time cost (£)	Average hourly rate (£)
Activity							
Administration & planning							
Bankruptcy/Director/Member	5.50	297.50	952.00	2.00	1,257.00	415,004.50	330.15
Store closures	0.00	1.00	0.00	0.00	1.00	550.00	550.00
Statutory reports							
Cashiering	13.70	37.70	112.30	22.50	186.20	117,268.50	303.65
General (Cashiering)	0.00	23.30	65.50	0.00	88.80	29,394.00	331.01
Reconciliations (& IP's accounting reviews)							
General	0.00	2.00	96.20	2.30	100.50	26,357.50	262.26
Books and records	0.00	0.70	0.50	0.00	1.20	505.00	420.83
Files and WIP							
Statutory and compliance							
Appointment and related formalities	20.00	50.20	179.60	1.00	250.80	50,529.00	321.09
Bonding and bondsmen	0.00	0.00	0.50	1.10	1.60	257.50	160.94
Checklist & reviews	0.30	6.00	10.90	0.00	17.20	6,013.50	349.62
Pre-appointment checks	0.00	0.00	0.60	0.00	0.60	144.00	240.00
Reports to debenture holders	26.00	106.60	4.20	0.50	137.30	79,926.50	582.13
Statutory advertising	0.00	2.00	0.40	0.00	2.40	1,228.00	511.67
Statutory receipts and payments accounts	0.00	0.00	5.60	0.00	5.60	1,768.00	315.71
Strategy documents	32.50	5.10	1.60	0.00	39.20	27,766.50	708.33
Flux							
Initial reviews - CT and VAT	5.50	24.15	0.00	0.00	29.65	14,311.00	482.66
Post appointment corporation tax	9.70	10.50	0.70	0.00	20.90	11,346.00	542.87
Post appointment PAYE	0.00	0.60	0.30	0.00	0.90	360.00	400.00
Post appointment VAT	24.50	47.00	66.65	0.00	138.15	57,469.75	413.01
	138.70	614.35	1,697.55	29.40	2,469.00	870,199.25	350.89
Creditors							
Creditors and claims							
General correspondence	7.40	29.00	813.15	0.60	850.15	223,790.00	263.24
Legal claims	0.00	0.00	2.00	0.00	2.00	640.00	320.00
Notification of appointment	0.00	0.00	3.80	0.00	3.80	912.00	240.00
Pre-appointment VAT / PAYE / CT	0.00	0.00	0.50	0.00	0.50	160.00	320.00
ROI Claims	0.00	27.00	95.90	0.00	122.90	38,682.00	314.74
Secured creditors	11.00	21.20	17.10	0.00	49.30	24,665.00	500.30
Statutory reports	7.50	16.70	62.70	0.00	86.90	32,676.00	376.02
Employees							
Agreeing employee claims	0.00	0.00	5.30	0.00	5.30	1,592.00	300.39
Correspondence	4.20	24.50	492.86	72.45	594.01	168,000.15	282.82
DTI redundancy payments service	0.00	5.70	9.40	0.00	14.70	5,171.00	351.77
Pensions reviews	0.00	1.10	12.90	0.00	14.00	3,646.00	260.43
	30.10	124.80	1,515.61	73.05	1,743.56	499,934.15	286.73
Investigation							
Directors							
D form drafting and submission	0.30	11.50	63.30	3.00	78.10	22,320.50	285.91
Directors questionnaire / checklist	2.00	0.00	0.00	0.00	2.00	1,340.00	670.00
Statement of affairs	2.50	3.10	0.50	0.00	6.10	3,423.00	561.15
Investigations							
Correspondence re investigations	0.75	5.60	18.80	0.90	26.05	9,342.25	358.63
Main direction	0.00	0.00	1.20	0.00	1.20	285.00	240.00
	5.55	20.20	83.80	3.90	113.45	36,722.75	323.60
Realisation of assets							
Asset Realisation							
Cash and investments	9.50	248.70	194.40	0.00	452.60	183,286.00	404.96
Debtors	2.70	45.60	208.10	0.00	256.40	81,258.50	316.92
Freehold property	3.10	0.00	0.00	0.00	3.10	2,371.50	765.00
Goodwill	7.00	0.00	0.00	0.00	7.00	5,355.00	765.00
Health & safety	0.00	4.70	0.00	0.00	4.70	2,066.00	440.00
Leasehold property	26.50	521.00	1,067.50	0.00	1,615.00	547,280.50	338.87
Office equipment (furniture & fittings)	0.00	0.00	10.00	0.00	10.00	3,200.00	320.00
Open cover insurance	0.00	0.00	5.90	0.00	5.90	1,416.00	240.00
Other assets	6.60	16.80	73.00	0.00	96.40	32,425.00	336.36
Sale of business	43.50	74.70	34.30	0.00	152.50	88,588.50	580.91
Stock and WIP	8.25	8.60	30.45	0.00	47.30	20,412.50	431.55
Vehicle	0.00	0.00	5.50	0.00	5.50	1,320.00	240.00
	107.15	920.10	1,629.15	0.00	2,656.40	968,981.50	364.77
Total in period	281.50	1,679.45	4,926.11	106.35	6,993.41	2,375,837.65	339.73
Fees drawn							
D/T	0.00				0.00	0.00	0.00
In the period	0.00				6,993.41	2,375,837.65	339.73
L/T	0.00				6,993.41	2,375,837.65	339.73

## 7.2 Joint Administrators' charge out rates for the period 1 October 2012 to 31 March 2013

Chargeable rates from 1 October 2012

Grade	Rate hour £	per
Partner	765	
Associate Partner	670	
Director	670	
Senior Manager	550	
Manager	440	
Assistant Manager	320	
Assistant	240	
Support	125	

	KPMG LLP Corporation Tax Team	KPMG LLP Pensions Team	KPMG LLP CCS Team
Grade	From 1 July 2010 £/hr	From 1 July 2010 £/hr	From 1 July 2010 £/hr
Partner	725	725	700
Associate Partner	635	635	640
Director	635	635	640
Senior Manager	525	525	550
Manager	420	420	450
Senior Administrator	305	305	310
Administrator	230	230	225
Support	120	120	180

### 7.3 Joint Administrators' disbursements

Expense Type	Amount (£)
Printing costs	780 20
ERA Specialist	7,304 76
Stationery purchased	3 99
Postage costs	13.39
Telephone, telefax, teleprinter	167 57
Courier & delivery costs	221 00
ICT costs	11 99
Sundry expenses	826 46
General travel	83 20
Rail travel	569 45
Mileage	7,043 70
Other travel costs	1,352 49
Hotel costs	3,492 58
Meal / Lunch allowance	1,919 05
<b>Total</b>	<b><u>23,789.83</u></b>

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:



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Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate

## 8 Appendix 4

### 8.1 Schedule of expenses for the period 1 October 2012 to 31 March 2013

Section	Account	Accrued (£)	Paid (£)	Total (£)
Trading costs	Direct labour	0 00	278,391 11	278,391 11
	Employee expenses	0 00	2,980 96	2,980 96
	Heat & light	7,000 00	41,332 42	48,332 42
		7,000 00	322,704 49	329,704 49
Fixed charge costs	Legal fees	113,024 35	37,411 16	150,435 51
	Legal disbursements	0 00	5,428 52	5,428 52
	Agents'/Valuers' fees	0 00	49,770 00	49,770 00
	Non-Transferred Store - Rent	0 00	3,814 63	3,814 63
	VPS Fixed Costs	0 00	34,351 30	34,351 30
	Bank Charges	0 00	20 00	20 00
	Transferred store - Rent	185,710 62	697,850 04	883,560 66
	Transferred store - Service Charge	29,107 60	152,441 39	181,548 99
	Transferred store - Insurance	15,463 29	0 00	15,463 29
	Insurance of assets	10,666 83	0 00	10,666 83
		353,972 69	981,087 04	1,335,059 73
Cost of realisations	Collection of Books and Records	0 00	9,430 00	9,430 00
	VPS Floating costs	0 00	42,886 38	42,886 38
	DTZ Commission	0 00	52,461 78	52,461 78
	Irrecoverable VAT	0 00	19 97	19 97
	Sundry Costs	0 00	233 05	233 05
	Payments on behalf of SDI	0 00	6,138 00	6,138 00
	Professional Fees	0 00	8,032 50	8,032 50
	Subcontractors	0 00	400 00	400 00
	Sundry expenses	0 00	412 60	412 60
	Voucher commission	0 00	10,435 55	10,435 55
	Legal fees	273,827 72	16,480 84	290,308 56
	Legal disbursements	10,562 17	0 00	10,562 17
	Storage costs	1,000 00	2,305 91	3,305 91
	Re-direction of mail	0 00	205 00	205 00
	Statutory advertising	0 00	552 60	552 60
	Insurance of assets	3,125 50	0 00	3,125 50
	Other property expenses	0 00	623 00	623 00
	Bank charges	0 00	66 00	66 00
	Equipment rental	0 00	23,260 07	23,260 07
		288,515 39	173,943 25	462,458 64
		<b>649,488.08</b>	<b>1,477,734 78</b>	<b>2,127,222 86</b>

Creditors are reminded that the basis on which fees have been reported have not yet been agreed by the secured creditor and a request to them is attached to this progress report

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2 48A of the Insolvency Rules 1986. This request must be made within 21 days receipt of the progress report. The full text of that rule can be provided on request

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2 109 of the Insolvency Rules 1986. The full text of this rule can also be provided on request

## 8.2 Extract from the Insolvency Rules 1986

### Insolvency Rules 1986

#### 2 48A Creditors' request for further information

(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

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, 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)

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

2 109 Creditors' claim that remuneration is or other expenses are excessive

(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) An 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,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (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")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the



application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.



**JJB Sports plc - (in administration)**  
**("the Company")**

Progress report for period  
from 1 October 2012 to 31  
March 2013

KPMG LLP  
24 April 2013  
This report contains 31 pages

BG/JR/TM



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*Progress report*  
*KPMG LLP*  
*24 April 2013*

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*KPMG LLP*  
*24 April 2013*

## About this report

This Report has been prepared by Brian Green, David Costley-Wood and Richard Fleming, the Joint Administrators of JJB Sports plc, solely to comply with their statutory duty under the Insolvency Act 1986 and the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency Act and Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this progress report to any such person.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.

Please note that unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

## 1 Executive Summary

- The Directors resolved to appoint Brian Green, David Costley-Wood and Richard Fleming of KPMG LLP as Joint Administrators of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986
- The notice of appointment, Form 2 9B, was lodged on 1 October 2012 and the Joint Administrators were duly appointed
- In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either or all of them
- This progress report covers the six month period from appointment to 31 March 2013
- We circulated our Statement of Proposals ("Proposals") to all known creditors on 23 November 2012. They were deemed approved without modification on 5 December 2012
- There was no prospect of saving the Company as a going concern. Accordingly the Joint Administrators' role has been limited to the realisation of the remaining assets (see Section 2 - Progress to date). Therefore, the purpose of the administration, in accordance with Paragraph 3(1) (b) of Schedule B1 to the Insolvency Act 1986 is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- The assets of the Company were sold via a pre-packaged sale (Section 2 - Progress to date)
- To date distributions of £20.6 million have been made to the secured lenders in respect of the Company (Section 2.8 - Dividend prospects)
- The Company paid all pre-appointment wages, expenses and accrued holiday prior to the appointment of the Joint Administrators. However, since their appointment, the Joint Administrators have been made aware of potential preferential claims relating to banked holiday. These claims (if valid) would be paid as a 100 pence in £ dividend (Section 2.8 - Dividend prospects)
- Based on the expected level of realisations and the amounts owed to the secured creditors, the Joint Administrators anticipate that there will be sufficient funds available to facilitate a distribution to unsecured creditors of the Prescribed Part under Section 176A of the Insolvency Act 1986 (see Section 2.8 - Dividend prospects)
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices (see Section 4 - Comments on the Appendices and the Appendices)
- The Joint Administrators complied with their statutory duty to report on directors' conduct



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- It is the Joint Administrators' intention to apply to court to seek permission to extend the administration by 24 months and to distribute the Prescribed Part to unsecured creditors
- This progress report should be read in conjunction with our other reports issued to the Company's creditors by the Joint Administrators
- Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT

A handwritten signature in black ink, appearing to read 'Brian Green', with a series of dots below it.

Joint Administrator – Brian Green

## 2 Progress to date

### 2.1 Strategy and progress to date

#### 2.1.1 Strategy

JJB Sports plc was incorporated on 22 September 1971 and had grown to become one of the UK's leading retailers of sports equipment and clothing. The Company was the main trading entity and parent company of the JJB Group.

The Group had three trading entities, namely Blane Leisure Limited ("Blane"), which was incorporated in 1988 in Scotland, Sports Division (Eireann) Limited ("Sports Division Eire"), incorporated in 1995 in the Republic of Ireland and JJB Sports plc, all of which held leases for stores trading under the JJB name.

At the date of the Joint Administrators' appointment, the Group traded from 159 leasehold stores in the United Kingdom and Republic of Ireland and through its websites, [www.jjbsports.com](http://www.jjbsports.com) and [www.jjbteamwear.com](http://www.jjbteamwear.com) and via an online shop with eBay.

The Group had a further 68 stores that had been closed but the leases had not yet been surrendered to landlord's following the Company Voluntary Arrangements of 2009 and 2011 ("CVA stores").

The leases held by the Group were divided as follows:

- 109 trading stores and 55 CVA stores were held by the Company and located throughout England and Scotland,
- 41 of the Group's trading stores and 10 of the CVA stores were in the name of Blane and located throughout England and Scotland,
- four trading stores located in the Republic of Ireland were held by Sports Division Eire,
- four trading stores and two CVA stores were held in SSL Retail Limited, which was incorporated in 1977, and was a non-trading entity, and
- one trading store and one CVA store was held by SSL Sportswear and Leisure plc. Incorrect Group information stated that these leases were held within SSL, but the Joint Administrators were able to ascertain the correct ownership following a review of the relevant lease documents.

The other subsidiaries of the Company are dormant and non-trading, or in liquidation.

The Joint Administrators also submitted a report to the Department for Business, Innovation and Skills regarding the affairs of the Company. Time costs of £33,012 (106 hours) have been incurred in respect of the reporting on the directors' conduct.



## 2.1.2 Sale of business

A number of courses of action were considered by the Joint Administrators prior to their appointment, including but not limited to

- seeking further funding to avoid an insolvency process,
- managed wind down through a trading administration,
- a sale of the business through a trading administration, and
- a sale of the business immediately following the appointment of Joint Administrators via a pre-packaged sale

After due consideration, the Joint Administrators concluded that a pre-packaged sale immediately following their appointment would produce the best anticipated return to creditors

The sale included the Group's interest in 20 of the 159 trading leasehold stores, freehold property in Wigan, assignment of intellectual property rights, intellectual property licences, goodwill, furniture and equipment and stock in stores, warehouses and in transit. Of the 20 stores agreed to be assigned to the purchaser

- 13 of the leases were vested in the Company,
- five in Blane, and
- two in SSL

However, the sale excluded the 207 remaining leasehold stores held in the Group's property portfolio, book debts, cash in transit and various registered trademarks held by the Group. In addition and as stated previously, all assets owned by Sports Division Eire were also excluded from the sale

Time costs of £88,589 (153 hours) have been incurred on the sale of business

## 2.2 Communication

The Joint Administrators wrote to all known creditors on 2 October 2012 advising them of their appointment

Following this, the Proposals were circulated to all known creditors of the Company on 23 November 2012. They were deemed approved without modification on 5 December 2012

To date time costs of £32,676 (87 hours) have been incurred in respect of the statutory reporting to creditors and £24,665 (49 hours) in respect of reporting to secured lenders

## 2 3 Pre-administration work and costs

### 2 3 1 Pre-administration work

Pre-appointment work was undertaken prior to the appointment of the Joint Administrators. As the disclosures under Rule 2.47(2) (b) were not included within our Proposals, the relevant disclosures are provided below.

#### **KPMG**

As previously stated, on 30 August 2012, the JJB Group instructed KPMG to assist them in seeking a buyer for the Company or the JJB Group. KPMG monitored the process, which remained under the direction and control of the Directors, from the outset and summarised in the SIP 16 memorandum, circulated to all creditors on 1 October 2012.

As previously advised, it was not possible to effect a sale of the shares of the Company. Therefore given the financial position of the Group, the Directors filed a notice of intention to appoint an administrator on 24 September 2012.

In the period 24 September 2012 to 1 October 2012 (being the date of appointment) KPMG

- provided advice to the Directors in relation to the administration appointment,
- assisted with the sale of business process as detailed in the SIP 16 memorandum, and
- liaised with key stakeholders.

#### **Herbert Smith Freehills**

Herbert Smith Freehills were also instructed by the JJB Group in September to provide advice in relation to the sale process. The work undertaken in the weeks leading up to the appointment of the Joint Administrators was as follows:

- Preparing the court appointment documents (including Form 2.8B notice of intention to appoint, Form 2.9B notice of appointment, Para 100(2) statement and other statutory appointment documents),
- Advising in connection with the timing of the Joint Administrators' appointment and legal issues arising out of the appointment (including (i) liaising with secured lenders and their respective solicitors, (ii) advice on the scope of the interim moratorium, (iii) advice on the ranking of rent and other liabilities in the administration following the decisions in the *Goldacre* and *Lumina* cases, and (iv) advice on ensuring the validity of appointment following the *Minmar* line of authorities),
- Arranging the formalities of all necessary appointment documentation to be signed in accordance with the Insolvency Act and Rules and attendance at the Royal Court of Justice to file the Notice of Intention and Notice of Appointment,

- Assisting with drafting of the asset sale agreement, general forms of release and structure of security release with the secured lenders, advice in relation to relevant employment legislation, Office of Fair Trading and other regulatory issues and requirements under the Listing Rules, verification of various property schedules and appropriate DS1 release forms, and
- Negotiating a final form sale agreement and other transaction documents with the purchaser and completion of the pre-packaged sale

It is due to the nature of a pre-packaged sale that these costs had to be incurred in the weeks prior to the appointment of the Joint Administrators on 1 October 2012

The work carried out by KPMG and Herbert Smith Freehills lead to completion of the pre-packaged sale. This sale ensured that realisations were maximised and will further assist in achieving the Paragraph 3(1) (b) purpose of the Administration

## 2.3.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed above

	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	180,000.00	-	180,000.00
Herbert Smith Freehills	87,899.16	188,848.70	276,747.86
<b>Total</b>	<b>267,899.16</b>	<b>188,848.70</b>	<b>456,747.86</b>

All costs paid prior to the administration were paid by the Company

## 2.4 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2)

Below are summarised the most significant realisations during the period

### 2.4.1 Sale of business and its assets

The Joint Administrators successfully completed a sale of the business and majority of its assets shortly after appointment. The sale included the following apportionment of the assets to the Company

Asset	Consideration (£)
Freehold Property	8,000,000
Leasehold Property	1,300,000
Assigned Intellectual Property	99,998



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Intellectual Property Licences	800,000
Goodwill	75,000
Furniture and Equipment	750,000
Stock	9,480,708
<b>Total</b>	<b>£20,505,706</b>

Upon completion of the sale agreement ("APA"), a licence fee payment was received from the Purchaser in respect of the rent, service charge and insurance for the period during which the Purchaser occupied 20 Group stores under a Licence to Occupy. We have received in total £1.1 million in relation to the stores where the leases are held by the Company.

#### 2.4.2 Store closures

As previously reported, following their appointment, the Joint Administrators' staff attended all of the UK stores that were to be closed following the completion of the sale, secured the premises, collected any cash and books and records and made the staff at the stores redundant. Each of the store managers was retained for the first week of the administration to assist with providing access to the Purchaser to remove the stock and other assets purchased under the APA.

Subsequently, and to reduce the Joint Administrators' time costs, Vacant Property Specialists (UK) Limited ("VPS") were appointed to

- give access to the Purchaser to complete the removal process,
- to continue to secure the premises,
- to remove any books and records, and
- to collect any remaining cash in stores.

VPS's costs have now been finalised and the total costs paid to VPS amount to £77,238. Further, £9,430.00 has been paid for removal of books and records from various locations around the UK.

#### 2.4.3 Marketing of leasehold property

Additionally, the Joint Administrators instructed Prime Retail Property Consultants LLP ("Prime Retail") to market the remaining 177 of the Group's property portfolio of stores. These stores comprised 129 of the 133 stores closed on the date of appointment and a number of stores closed under the CVA which had not yet been surrendered back to the appropriate landlord or were considered to have no value.

Four stores were not marketed due to quarter rent dates prohibiting the marketing process, or due to a break notice being served by the landlord.

The marketing campaign ran to 15 October 2012 and Prime Retail received strong interest from five external parties. Additionally, a number of landlords expressed an interest in taking back their leases for a surrender premium payable to the Company.



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The Group received offers from three external parties for a combined total of 28 stores of the Group's property portfolio. The Joint Administrators pursued the three offers but unfortunately two of the parties subsequently withdrew.

At the date of reporting, the Joint Administrators have completed 6 surrenders for total gross premiums of £165,000 and a further 1 store has been assigned for gross consideration of £50,000 paid to the Company. In addition, a £5,000 non-refundable deposit has been realised following an interested party's failure to assign a lease.

Following the marketing exercise, it was confirmed that the remainder of the leases held no value and the Joint Administrators began a process of offering these leases for surrender. At the reporting date, the Joint Administrators had offered all remaining Group leases for surrender. To date, a further 21 of the Group's leases have been accepted for surrender.

Time costs of £547,281 (1,615 hours) have been incurred in respect of the leasehold properties.

#### **2.4.4 Intellectual Property Licences**

The Joint Administrators realised a further £160,000 in relation to registered trademarks held by the Company that were not acquired by the Purchaser.

#### **2.4.5 Leasehold property deed of assignment**

The Joint Administrators realised £39,049 in relation to the settlement of a pre-appointment deed of assignment.

#### **2.4.6 Rental income**

We have received £4,382 from Torque Logistics, the subtenant in the head office in Wigan for their period of occupation.

#### **2.4.7 Third party funds held by JJB**

The Administrators currently hold £811,451 in relation to potential third party funds. These need to be reconciled, ownership confirmed and then these will be transferred to the appropriate owners.

#### **2.4.8 Post-Appointment Invoicing**

At the date of this Report, total monies of £40,490 had been recovered from third party voucher companies following invoicing post-appointment.

#### **2.4.9 Book debts**

The Joint Administrators have recovered £187,407 in relation to pre-appointment book debts in the period.

Time costs of £81,259 (256 hours) have been incurred in respect of debtor recoveries.

#### 2.4.10 Cash from stores

Cash of £365,190 held in those stores vested in the Company's name was collected on the date of appointment

#### 2.4.11 Unallocated cash

We have further received £88,748 into the Company's pre-appointment bank accounts. To date, we have been unable to identify the source of these funds and therefore correctly allocate the realisations.

We are currently working with Lloyds TSB Bank plc on identifying the payees and correctly allocating these funds.

#### 2.4.12 Cash at bank

To date cash at bank of £2,646,402 has been collected and can be allocated as follows

Financial Institution	Amount (£)
Royal Bank of Scotland Group plc / NatWest Bank plc	581,399
First Data Merchant Services	1,770,000
Lloyds Bank and various refunds	98,406
Ulster Bank Limited	157,219
American Express	39,378
<b>Total</b>	<b><u>2,646,402</u></b>

To date, the Joint Administrators have incurred time costs of £183,286 (453 hours) in respect of cash and investments.

#### 2.4.13 Sundry refunds, sundry debtors and insurance refunds

The Company has received

- sundry refunds totalling £165,486,
- sundry payments totalling £699, and
- insurance refunds amounting to £74,422

#### 2.4.14 Rates refunds

The Joint Administrators have received rates refunds totalling £475,762

#### 2.4.15 Petty cash

Petty cash totalling £922 was collected from the Company's head office on the date of appointment

#### 2.4.16 **Bank interest**

At the date of reporting, the Joint Administrators had received bank interest of £7,447 relating to the fixed charge, £5,951 relating to the floating charge and £43 in relation to the completion monies held by our solicitors prior to transferring them

#### 2.5 **Investigations**

The Administrators have a statutory duty to investigate the directors' conduct. We have now complied with this duty. This report and its contents are confidential.

#### 2.6 **Cost of realisations**

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

The following is a summary of the payments made during the period

##### 2.6.1 **Direct Labour**

The Company has incurred costs and expenses of £278,391 and £2,981 respectively for direct labour arising from the initial administration process

To date, the Joint Administrators have incurred time costs of £168,000 (594 hours) in respect of correspondence with employees

##### 2.6.2 **Heat & light**

The Joint Administrators have incurred £41,332 of utility costs

##### 2.6.3 **Legal fees**

The Joint Administrators engaged Herbert Smith Freehills and Brodies as their legal advisers, the former to advise in relation to English law and the latter with regard to Scots law

Legal fees have been incurred as a result of work following the completion of the APA, dealing with various ROT claims, issues with landlords and other statutory obligations of the Joint Administrators

Unpaid legal fees totalling £180,849 were incurred pre-administration, as summarised at Section 2.3. It is proposed that the pre-administration costs incurred by Herbert Smith Freehills will be paid as an expense of the Administration under Rule 2.67A of the Insolvency Rules. Please see Section 2.3 – Pre-administration work and costs for further details

The payment of unpaid pre-administration costs as an expense of the Administration is subject to approval under Rule 2.67A of the Insolvency Rules. Accordingly, as the Joint Administrators have not convened a meeting of unsecured creditors, the payment of unpaid pre-administration costs are subject to the approval of the secured and preferential creditors under Rule 2.67(A)(3)(b)(ii) of the Insolvency Rules

To date, the Joint Administrators have paid Brodies LLP £21,910 in respect of their legal advice on various property matters

Further, £12,000 and £3,498 has been paid to Hill Dickinson in respect of legal fees and disbursements respectively on the pre-appointment deed of settlement

In addition, Dundas and Wilson LLP were engaged to assist with the leasehold property surrenders and assignments and have currently been paid £21,583 in fees and disbursements. Further legal costs of £690 have been paid in relation to the signing of appointment documents of which £360 has been invoiced to Sports Division Eire

#### 2.6.4 **Agents'/Valuers' fees**

Following the marketing of the Group's property portfolio, the Company have incurred costs of £42,500 with regard to Prime Retail's fees in relation to the premium surrenders

In addition, the Joint Administrators paid £1,870 to Vital Property Solutions to perform Energy Performance Certificates at the Company's head office.

Further payments were made to Colliers International (£4,950) in respect of premium valuations and Carter Jonas (£450) in respect of their planning advice

#### 2.6.5 **Transferred stores – rent and service charge**

As discussed above at Paragraph 2.4.1, the Company received a licence fee payment in respect of the rent, service charge and insurance for the period from 1 October 2012 for the 13 stores that the Purchaser occupied under a Licence to Occupy

At the date of reporting, £697,850 has been paid to landlords in respect of rent and £152,441 in respect of service charges

#### 2.6.6 **Voucher commission**

Under the existing contracts, commission of £10,436 has been paid to third party voucher companies in relation to vouchers redeemed at the Company stores prior to 1 October 2012

#### 2.6.7 **DTZ commission**

The Administrators paid DTZ £52,462 in respect of their rates refund commissions

#### 2.6.8 **Equipment rental**

The Joint Administrators incurred £2,054 for the rental of printers at the Company's head office and £21,206 in relation to the rental of computer equipment

#### 2.6.9 **Payments on behalf of Sport Direct Group ("SDI")**

To date, the Joint Administrators have made various payments amounting to £6,138 on behalf of SDI. These payments will be refunded by SDI



2 6 10 **Professional fees**

The Administrators engaged Insol Employee Solutions Limited to assist them with employee queries via an employee helpline. The total costs associated with the employee helpline amounted to £8,033.

2.7 **Schedule of expenses**

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

2 8 **Dividend prospects**

2 8.1 **Secured creditors for the Group**

All secured debt within the Group was subject to cross guarantees, which therefore apply to the Company.

Lloyds TSB Bank plc has the benefit of a first priority guarantee and debenture dated 24 May 2011, providing a fixed and floating charge over the Group's assets.

The Group had received funding from the Bank who had provided working capital facilities of £25 million plus associated ancillary facilities totalling £13 million. These total borrowings and facilities of £38 million were subject to cross guarantees between the Group and the other subsidiary entities, which are secured by debentures dated 24 May 2011.

The amount owed to the Bank at the date of appointment in relation to the above facilities is approximately £23.4 million.

As at the reporting date, the Joint Administrators have distributed a total of £20,622,049 to the Bank from the Company under its fixed and floating charges.

In addition, the Group had received significant additional funding from Dicks Sporting Goods ("DSGP") and Adidas totalling approximately £20 million and £15 million respectively, which are secured by a guarantee and debenture dated 27 April 2012.

The Joint Administrators anticipate that the second priority secured creditors will ultimately suffer a material shortfall.

The Joint Administrators' solicitors, Herbert Smith, have reviewed the various charges held by Lloyds, DSGI and Adidas and have confirmed their validity.

2 8 2 **Preferential creditors**

The Company paid all pre-appointment wages, expenses and accrued holiday prior to the appointment of the Joint Administrators.

However, since their appointment, the Joint Administrators have been made aware of potential preferential claims relating to banked holiday. These claims (if valid) would be paid as a 100 pence in £ dividend.



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In the next four weeks it is the intention of the Joint Administrators to write to the employees who may have banked their holidays and ask them to submit their claims

If valid, the Administrators intend to immediately declare the dividend of 100 pence in £ and pay these dividends to the preferential creditors.

### 2.8.3 **Unsecured creditors**

The Directors' Statements of Affairs indicates that unsecured claims against the Company total £212.2 million of which

- £117.3 million relates to inter-company debt,
- £29.9 million to stock suppliers,
- £28 million to property and other provisions,
- £9.1 million to landlords, and
- £27.9 million to other unsecured creditors

In this case there will be the maximum prescribed part of £600,000 made available to unsecured creditors

Unfortunately, there will be no distribution to unsecured creditors in the Company other than the prescribed part

The Joint Administrators intend to seek permission of the Court to make a distribution to unsecured creditors of the Company, in respect of the Prescribed Part pursuant to Paragraph 65 of Schedule B1 to the Insolvency Act

### 2.8.4 **Shareholders**

There will be insufficient funds to see a distribution to the Shareholders of the Company

## 3 **Future strategy**

### 3.1 **Future conduct of the Administration**

We propose to continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to

- Day to day management of the administration,
- Continuing to pursue various assets,
- Dealings with the landlords regarding ongoing rent, service charges and insurance,
- Dealings with the landlords regarding surrender of the remaining leases,



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- Settlement of any ongoing liabilities such as insurance, professional costs and other outstanding costs, and
- Application to Court to extend the Administration by 24 months and to distribute the Prescribed Part to unsecured creditors

### **3.2 Extension of the Administration**

The duration of any Administration is restricted to 12 months from the date of appointment unless it is extended by creditors or the Court

The Administration is currently due to end on 30 September 2013. However, it is our intention to seek the approval of the Court

- To extend the Administration by 24 months to enable to distribute funds to unsecured creditors, and
- To permit the Joint Administrators to make distributions to unsecured creditors of the Prescribed Part

It is the intention of the Joint Administrators to file for the Company's dissolution once all matters are resolved

## 4 **Comments on the Appendices**

### 4.1 **Statutory information**

Statutory information can be found in Appendix 1

### 4.2 **Receipts & payments account for the period**

#### **Receipts**

Please see Section 2.4 for comments on receipts

#### **Payments**

Please see Section 2.6 regarding our comment on payments made in the period

### 4.3 **Expenses for the period**

Expenses for the period are summarised in Appendix 4

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)

The office holders' time costs for the period of this progress report are also attached (see Appendix 3)

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. A creditor's guide to fees can be found at

[http://www.13.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov20111.pdf](http://www.13.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf)

However, if you are unable to access this guide and would like a copy, please contact Jack Brazier on 0113 231 3307

Since our appointment to 31 March 2013, we have incurred time costs of £2,375,838, representing 6,993 hours at an average rate of £340 per hour. This includes the Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists

A detailed breakdown of the charge out rates for the duration of the administration is included in Appendix 3 to this Progress report

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates



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In accordance with Rule 2 106 (5A) of the Insolvency Rules 1986 the approval basis of remunerations are being sought from the Company's secured and preferential creditors

No fees or disbursements have been drawn to date by the Joint Administrators

The Joint Administrators have incurred and processed disbursements of £23,790 and to date no disbursements have been drawn (see Appendix 3 for further details)

Expenses for this period total £2,127,223 including amounts not yet paid (see Appendix 4 for details)

Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2 48A of the Insolvency Rules 1986 and to challenge the administrator's remuneration and expenses under Rule 2 109 of the Insolvency Rules 1986 are included in Appendix 4 should creditors wish to do so

## 5 Appendix 1

### 5.1 Statutory Information

Company name	JJB Sports plc
Company registration number	01024895
Date of incorporation	22 September 1971
Previous registered office	Challenge Way Martland Park Wigan Lancashire WN5 0LD
Present registered office	KPMG LLP St James' Square Manchester Lancashire M2 6DS
Issued share capital	405,812,703 0 01p ordinary shares 65,083,186 0 49p deferred ordinary shares
Directors	Mr D Adams Mr R Bernstein Mr L Christensen Mr R Corliss Mr M McTighe Sir M Pinsent Mr D Williams
Company secretary	Mr D Williams
Employees	2,947
Previous names	J J B (Sports) Limited until 20 October 1994

## 6 Appendix 2

### 6.1 Office holders' receipts and payments account

<b>JJB Sports Plc</b> <b>(In Administration)</b> <b>Administrators' Trading Account</b>		
Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
POST-APPOINTMENT SALES		
Miscellaneous income	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
OTHER DIRECT COSTS		
Direct labour	278,391.11	278,391.11
Employee expenses	2,980.96	2,980.96
	<u>(281,372.07)</u>	<u>(281,372.07)</u>
TRADING EXPENSES		
Heat & light	41,332.42	41,332.42
	<u>(41,332.42)</u>	<u>(41,332.42)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(322,704.49)</u></b>	<b><u>(322,704.49)</u></b>



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JJB Sports Plc  
(In Administration)  
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
	<b>FIXED CHARGE ASSETS</b>	
8,000,000 00	Freehold property	8,000,000 00
1,400,000 00	Leasehold property	1,520,000 00
	Leasehold property deed of settlement	39,049 32
	Assigned IP	99,998 00
420,953 00	Fixtures and Fittings	NIL
1,000,000 00	IP Licences	960,000 00
	Goodwill	75,000 00
	Rent	4,381 99
	Bank interest, gross	7,446 62
	Licence Fee	1,109,931 20
	Interest on completion monies	42 93
		<u>11,815,850 06</u>
		<u>11,815,850 06</u>
	<b>FIXED CHARGE COSTS</b>	
	Legal fees	37,411 16
	Legal disbursements	5,428 52
	Agents'/Valuers' fees	49,770 00
	Non -Transferred Store - Rent	3,814 63
	VPS Fixed costs	34,351 30
	Bank charges	20 00
	Transferred store - Rent	697,850 04
	Transferred store - Service Charge	152,441 39
		<u>(981,087 04)</u>
		<u>(981,087 04)</u>
	<b>FIXED CHARGE CREDITORS</b>	
(10,820,953 00)	Lloyds	9,836,938 44
		<u>(9,836,938 44)</u>
		<u>(9,836,938 44)</u>
	<b>ASSET REALISATIONS</b>	
	3rd party funds held by JJB	811,450 83
371,076 00	Furniture & equipment	750,000 00
	Post Appointment invoicing	40,490 04
9,196,357 00	Stock	9,480,708 47
1,344,716 00	Book debts	187,406 90
51,753 00	Computer Equipment	NIL
	Cash from stores	365,190 49
	Unallocated cash	88,748 23
3,307,673 00	Cash at bank	2,646,401 84
		<u>14,370,396 80</u>
		<u>14,370,396 80</u>
	<b>OTHER REALISATIONS</b>	
	Bank interest, gross	5,951 25
	Sundry refunds	165,485 62
	Trading Surplus/(Deficit)	(322,704 49)
	Rates refund	475,761 94
	Putty Cash	922 17
	Sundry Debtors	698 77
	Insurance refunds	74,422 00
		<u>400,537 26</u>
		<u>400,537 26</u>
	<b>COST OF REALISATIONS</b>	
	Collection of Books and Records	9,430 00
		<u>9,430 00</u>





KPMG LLP  
24 April 2013

**IJB Sports Plc**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/10/2012 To 31/03/2013	From 01/10/2012 To 31/03/2013
VPS Floating costs	42,886.38	42,886.38
DTZ Commission	52,461.78	52,461.78
Irrecoverable VAT	19.97	19.97
Sundry Costs	233.05	233.05
Payments on behalf of SDI	6,138.00	6,138.00
Professional Fees	8,032.50	8,032.50
Subcontractors	400.00	400.00
Sundry expenses	412.60	412.60
Voucher Commission	10,435.55	10,435.55
Legal fees	16,480.84	16,480.84
Storage costs	2,305.91	2,305.91
Re-direction of mail	205.00	205.00
Statutory advertising	552.60	552.60
Other property expenses	623.00	623.00
Bank charges	66.00	66.00
Equipment rental	23,260.07	23,260.07
	(173,943.25)	(173,943.25)
FLOATING CHARGE CREDITORS		
(32,922,198.00) Floating charge	10,785,110.56	10,785,110.56
	(10,785,110.56)	(10,785,110.56)
UNSECURED CREDITORS		
(212,218,772.00) Trade & expense	NIL	NIL
(35,948,888.00) Issued and Called Up Share Capital	NIL	NIL
	NIL	NIL
(266,818,283.00)	4,809,704.83	4,809,704.83
REPRESENTED BY		
Floating ch. VAT rec'able		24,771.81
Fixed charge current		1,212,531.43
Floating charge current		3,777,245.08
Fixed charge VAT rec'able		195,771.56
Fixed charge VAT payable		(297,986.25)
Floating ch. VAT payable		(2,267.49)
PAYE/NIC		11,121.54
Floating ch. VAT control		1,009.31
Fixed charge VAT control		(112,492.16)
		4,809,704.83

## 7 Appendix 3

### 7.1 Analysis of office holders' time costs for the period 1 October 2012 to 31 March 2013

Consolidated time spent by grade	Partner / Director	Manager	Administrator	Support	Total hours	Time cost (£)	Average hourly rate (£)
<b>Activity</b>							
<b>Administration &amp; planning</b>							
Bankruptcy/Director/Member	5.50	297.50	952.00	2.00	1,257.00	415,004.50	330.15
Store closures	0.00	1.00	0.00	0.00	1.00	550.00	550.00
Statutory reports							
Cashiering							
General (Cashiering)	13.70	37.70	112.30	22.50	386.20	117,268.50	303.65
Reconciliations (& IPS accounting reviews)	0.00	23.30	65.50	0.00	88.80	29,304.00	331.01
<b>General</b>							
Books and records	0.00	2.00	96.20	2.30	100.50	26,357.50	262.26
Fees and WIP	0.00	0.70	0.50	0.00	1.20	505.00	420.83
<b>Statutory and compliance</b>							
Appointment and related formalities	20.00	50.20	179.60	1.00	250.80	60,529.00	321.09
Bonding and border in	0.00	0.00	0.50	1.10	1.60	257.50	160.94
Checklist & reviews	0.30	6.00	10.90	0.00	17.20	6,013.50	349.62
Pre-appointment checks	0.00	0.00	0.60	0.00	0.60	144.00	240.00
Reports to debenture holders	26.00	106.60	4.20	0.50	137.30	79,926.50	582.13
Statutory advertising	0.00	2.00	0.40	0.00	2.40	1,228.00	511.67
Statutory receipts and payments accounts	0.00	0.00	5.60	0.00	5.60	1,768.00	315.71
Strategy documents	32.50	5.10	1.60	0.00	39.20	27,766.50	708.33
<b>Tax</b>							
Initial reviews - CT and VAT	5.50	24.15	0.00	0.00	29.65	14,311.00	482.66
Post appointment corporation tax	9.70	10.50	0.70	0.00	20.90	11,346.00	542.67
Post appointment PAYE	0.00	0.60	0.30	0.00	0.90	360.00	400.00
Post appointment VAT	25.50	47.00	66.65	0.00	139.15	57,469.75	413.01
	138.70	614.35	1,697.55	29.40	2,480.00	870,199.25	350.89
<b>Creditors</b>							
<b>Creditors and claims</b>							
General correspondence	7.40	29.00	613.15	0.60	650.15	223,790.00	267.24
Legal claims	0.00	0.00	2.00	0.00	2.00	640.00	320.00
Notification of appointment	0.00	0.00	3.80	0.00	3.80	912.00	240.00
Pre-appointment VAT / PAYE / CT	0.00	0.00	0.50	0.00	0.50	160.00	320.00
ROI Claims	0.00	27.00	95.90	0.00	122.90	38,662.00	314.74
Secured creditors	11.00	21.20	17.10	0.00	49.30	24,665.00	500.30
Statutory reports	7.50	16.70	62.70	0.00	86.90	32,676.00	376.02
<b>Employees</b>							
Agencies employee claims	0.00	0.00	5.30	0.00	5.30	1,592.00	300.35
Correspondence	4.20	24.50	492.86	72.45	594.01	165,000.15	282.82
ISFT redundancy payments service	0.00	5.30	9.40	0.00	14.70	5,171.00	351.77
Penalties reviews	0.00	1.10	12.90	0.00	14.00	3,646.00	260.43
	30.10	124.80	1,515.61	73.05	1,743.56	499,934.15	286.73
<b>Investigation</b>							
<b>Directors</b>							
D form drafting and submission	0.30	11.50	63.30	3.00	78.10	22,329.50	285.91
Directors questionnaire / checklist	2.00	0.00	0.00	0.00	2.00	1,340.00	670.00
Statement of affairs	2.50	3.10	0.50	0.00	6.10	3,423.00	561.15
<b>Investigations</b>							
Correspondence re investigations	0.75	5.60	18.80	0.90	26.05	9,342.25	358.63
Mail reduction	0.00	0.00	1.20	0.00	1.20	288.00	240.00
	5.55	20.20	83.60	3.90	113.25	36,722.75	324.69
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Cash and movements	9.50	248.70	194.40	0.00	452.60	183,266.00	404.96
Debitors	2.70	45.60	208.10	0.00	256.40	81,258.50	316.92
Freehold property	3.10	0.00	0.00	0.00	3.10	2,371.50	765.00
Goodwill	7.00	0.00	0.00	0.00	7.00	5,355.00	765.00
Health & safety	0.00	4.70	0.00	0.00	4.70	2,066.00	440.00
Leasehold property	26.50	621.00	1,067.50	0.00	1,615.00	547,280.50	338.57
Office equipment fixtures & fittings	0.00	0.00	10.00	0.00	10.00	3,200.00	320.00
Open cover insurance	0.00	0.00	5.90	0.00	5.90	1,416.00	240.00
Other assets	6.60	16.60	73.00	0.00	96.20	32,425.00	336.36
Sale of business	43.50	74.70	34.30	0.00	152.50	88,588.50	580.91
Stock and WIP	8.25	8.60	30.45	0.00	47.30	20,412.50	431.55
Vehicles	0.00	0.00	5.50	0.00	5.50	1,320.00	240.00
	107.15	920.10	1,629.15	0.00	2,656.40	968,981.50	364.77
<b>Total in period</b>	<b>281.50</b>	<b>1,679.45</b>	<b>4,926.11</b>	<b>106.35</b>	<b>6,993.41</b>	<b>2,375,837.65</b>	<b>339.73</b>

Fees drawn		Hours/Costs to date		
B/I	0.00	0.00	0.00	0.00
In the period	0.00	6,993.41	2,375,837.65	339.73
C/I	0.00	6,993.41	2,375,837.65	339.73

## 7.2 Joint Administrators' charge out rates for the period 1 October 2012 to 31 March 2013

Chargeable rates from 1 October 2012

Grade	Rate hour £	per
Partner	765	
Associate Partner	670	
Director	670	
Senior Manager	550	
Manager	440	
Assistant Manager	320	
Assistant	240	
Support	125	

	KPMG LLP Corporation Tax Team	KPMG LLP Pensions Team	KPMG LLP CCS Team
Grade	From 1 July 2010 £/hr	From 1 July 2010 £/hr	From 1 July 2010 £/hr
Partner	725	725	700
Associate Partner	635	635	640
Director	635	635	640
Senior Manager	525	525	550
Manager	420	420	450
Senior Administrator	305	305	310
Administrator	230	230	225
Support	120	120	180

### 7.3 Joint Administrators' disbursements

Expense Type	Amount (£)
Printing costs	780 20
ERA Specialist	7,304 76
Stationery purchased	3 99
Postage costs	13 39
Telephone, telefax, teleprinter	167.57
Courier & delivery costs	221.00
ICT costs	11 99
Sundry expenses	826.46
General travel	83 20
Rail travel	569 45
Mileage	7,043 70
Other travel costs	1,352 49
Hotel costs	3,492 58
Meal / Lunch allowance	1,919 05
<b>Total</b>	<b><u>23,789.83</u></b>

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:



KPMG LLP  
24 April 2013

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate

## 8 Appendix 4

### 8.1 Schedule of expenses for the period 1 October 2012 to 31 March 2013

Section	Account	Accrued (£)	Paid (£)	Total (£)
Trading costs	Direct labour	0 00	278,391 11	278,391 11
	Employee expenses	0 00	2,980 96	2,980 96
	Heat & light	7,000 00	41,332 42	48,332 42
		7,000 00	322,704 49	329,704 49
Fixed charge costs	Legal fees	113,024 35	37,411 16	150,435 51
	Legal disbursements	0 00	5,428 52	5,428 52
	Agents'/Valuers' fees	0 00	49,770 00	49,770 00
	Non-Transferred Store - Rent	0 00	3,814 63	3,814 63
	VPS Fixed Costs	0 00	34,351 30	34,351 30
	Bank Charges	0 00	20 00	20 00
	Transferred store - Rent	185,710 62	697,850 04	883,560 66
	Transferred store - Service Charge	29,107 60	152,441 39	181,548 99
	Transferred store - Insurance	15,463 29	0 00	15,463 29
	Insurance of assets	10,666 83	0 00	10,666 83
		353,972 69	981,087 04	1,335,059 73
Cost of realisations	Collection of Books and Records	0 00	9,430 00	9,430 00
	VPS Floating costs	0 00	42,886 38	42,886 38
	DTZ Commission	0 00	52,461 78	52,461 78
	Irrecoverable VAT	0 00	19 97	19 97
	Sundry Costs	0 00	233 05	233 05
	Payments on behalf of SDI	0 00	6,138 00	6,138 00
	Professional Fees	0 00	8,032 50	8,032 50
	Subcontractors	0 00	400 00	400 00
	Sundry expenses	0 00	412 60	412 60
	Voucher commission	0 00	10,435 55	10,435 55
	Legal fees	273,827 72	16,480 84	290,308 56
	Legal disbursements	10,562 17	0 00	10,562 17
	Storage costs	1,000 00	2,305 91	3,305 91
	Re-direction of mail	0 00	205 00	205 00
	Statutory advertising	0 00	552 60	552 60
	Insurance of assets	3,125 50	0 00	3,125 50
	Other property expenses	0 00	623 00	623 00
	Bank charges	0 00	66 00	66 00
	Equipment rental	0 00	23,260 07	23,260 07
		288,515 39	173,943 25	462,458 64
		649,488 08	1,477,734.78	2,127,222.86

Creditors are reminded that the basis on which fees have been reported have not yet been agreed by the secured creditor and a request to them is attached to this progress report

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2 48A of the Insolvency Rules 1986 This request must be made within 21 days receipt of the progress report The full text of that rule can be provided on request

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2 109 of the Insolvency Rules 1986 The full text of this rule can also be provided on request

## 8.2 Extract from the Insolvency Rules 1986

### Insolvency Rules 1986

#### 2 48A Creditors' request for further information

(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

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, 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)

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

2 109 Creditors' claim that remuneration is or other expenses are excessive

(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) An 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,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (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")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the



application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.