

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,

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

from

to

3 July 2013

2 January 2014



Signed

Joint Administrator

Dated

29 January 2014

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.

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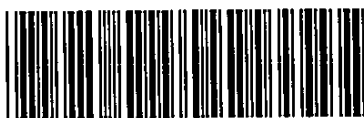
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When you have completed and signed this form, please send it to the Registrar of Companies at -

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JJB Sports plc - (in administration)

**Progress report for period
from 3 July 2013 to 2 January
2014**

KPMG LLP

29 January 2014

This report contains 23 pages

BG/PC/TJ



*Progress report
KPMG LLP
29 January 2014*

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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 their 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.



1 **Glossary**

the Act	The Insolvency Act 1986
Adidas	Adidas (U K) Limited
Administration / Administration Order	The Administration Order granted by the High Court of Justice Chancery Division Companies Court, in respect of JJB Sports plc on 1 October 2012 Court Administration Order number 7447 of 2012
APA	Asset Purchase Agreement relating to the sale and purchase of certain of the business and assets of JJB Sports plc, Blane Leisure Limited and SSL Retail Limited dated 1 October 2012
the Bank	Bank of Scotland, part of Lloyds Banking Group
Brodies	Brodies LLP
the Company/JJB	JJB Sports plc (in administration) (Company registration number 01024895)
DSGI	Dicks Sporting Goods Inc
the Directors	David Adams Richard Bernstein Lawrence Christensen Robert Corliss Mike McTighe Sir Matthew Pinsent David Williams
the Group	JJB Sports plc and all of its subsidiaries
Herbert Smith	Herbert Smith Freehills LLP
Joint Administrators	Brian Green, David Costley-Wood and Richard Fleming of KPMG LLP
KPMG	KPMG LLP
The Proposals	Report to Creditors pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 dated 21 November 2012
The Purchaser	Various subsidiaries of Sports Direct International plc
The Rules	The Insolvency Rules 1986
VAT	Value Added Tax

2 Executive Summary

- The Joint Administrators were appointed by the Directors on 1 October 2012 pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986
- 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 period from 3 July 2013 to 2 January 2014 (“the Period”) and has been prepared in accordance with Rules 2.47 and 2.112 of the Insolvency Rules 1986. It should be read in conjunction with the Joint Administrators’ previous reports
- The Joint Administrators circulated the Proposals to all known creditors on 23 November 2012. The Proposals were deemed approved without modification on 5 December 2012
- There was no prospect of rescuing the Company as a going concern. 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 trading business and assets of the Company were sold via a pre-packaged sale, the details of which have been set out in the Joint Administrators’ previous reports
- At the end of the Period, distributions totalling £22.3 million had been made to the secured lenders (see paragraph 3.7)
- The Company paid all outstanding pre-appointment wages, expenses and accrued holiday prior to the appointment of the Joint Administrators. However, since their appointment, the Joint Administrators became aware of potential preferential claims relating to banked holiday. Claims totalling £22,875 have now been settled in full (see paragraph 3.7)
- Based on the expected level of realisations and the amounts owed to secured lenders, the Joint Administrators anticipate that Administration realisations will be sufficient to enable a distribution to be made to unsecured creditors under the Prescribed Part only. The amount of the Prescribed Part will be the statutory maximum of £600,000 (see paragraph 3.7). Based on the Directors’ statement of affairs, the dividend is unlikely to exceed 1p in the £ due to the high level of potential unsecured creditor claims
- The Joint Administrators have complied with their statutory duty to report on Directors’ conduct
- The Joint Administrators obtained approval from the Court for the extension of the Administration to 30 September 2015
- Full details of the Joint Administrators’ progress report are attached together with all the relevant statutory information included by way of Appendices



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- 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'.

Joint Administrator – Brian Green



3 Progress to date

3.1 Strategy

Please see our previous reports which set out the strategy of the administration

3.2 Communication

The Joint Administrators gave written notice of their appointment to all known creditors on 2 October 2012

The Joint Administrators subsequently circulated the Proposals on 23 November 2012. The Proposals were deemed approved without modification on 5 December 2012.

The Joint Administrators circulated their first progress report, for the period 1 October 2012 to 31 March 2013, to all known creditors on 24 April 2013.

On 5 July 2013 the Joint Administrators issued a further progress report for the period 1 April 2013 to 2 July 2013 in conjunction with their application to Court for an extension of the Administration.

3.3 Asset realisations

Realisations made during the Period are set out in the attached receipts and payments account (Appendix 2) and are also summarised below.

3.3.1 Rates refunds

During the period, the Joint Administrators received £489,623 in respect of rates refunds.

3.3.2 Third party funds held by JJB

During the Period, the Joint Administrators received third party receipts totalling £371. Our reconciliation of total third party receipts of £813,965 is expected to be concluded shortly.

3.3.3 Sundry refunds

The Company has received sundry refunds totalling £7,720 in the Period.

3.3.4 Bank interest

The Joint Administrators have received interest of £7,105 on funds held during the Period.

3.4 Cost of realisations

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



3.4.1 Floating charge creditors

During the Period, the Joint Administrators distributed £300,000 to DSGI

An adjustment of (£83,660) was made in the Period to the amount distributed to the Bank which transpired to be third party funds

3.4.2 Administrators fees and expenses

In the Period, £882,149 and £17,555 was drawn in respect of the Joint Administrators' time costs and disbursements respectively

3.4.3 Legal fees and legal disbursements

The Joint Administrators engaged Herbert Smith Freehills and Brodies to act as legal advisers

During the Period, the Joint Administrators paid legal fees and disbursements in the sum of £218,925 and £521 respectively. Included in the above figure is a sum of £188,848 which relates to legal costs incurred in the period immediately preceding the administration in connection with the sale of trading business and assets. These costs have been settled with the approval of [secured and preferential creditors under r2.67A of the Rules]

For further details in relation to these pre-administration costs please see the Joint Administrators' previous progress reports

3.4.4 Heat & light

During the Period, the Joint Administrators paid £4,896 in relation to utility costs incurred during the exit from head office and a number of retail units

3.4.5 Transferred stores – rent, service charges and insurance

Under the terms of the APA the Company received a licence fee payment from the Purchaser in respect of the rent, service charge and insurance for the period from 1 October 2012 at 13 stores

At the end of the Period, £1,073,087 had been paid to landlords in respect of rent, service charge and insurance of which £140,444 was paid during the Period

3.4.6 DTZ commission

The Joint Administrators paid DTZ £92,759 in respect of commission on rates refunds collected in the Period

3.4.7 Insurance of assets

The Joint Administrators have paid insurance premiums £5,777 in the Period principally relating to public liability insurance covering the leasehold retail property estate



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3.4.8 Other costs

During the Period, the Joint Administrators have paid books and records storage, re-direction of mail costs and bank charges of £2,491, £350 and £66 respectively

3.5 Investigations

As previously reported, the Joint Administrators have a statutory duty to investigate the Directors' conduct. The Joint Administrators have complied with this duty but creditors should note that the report and its contents are confidential.

3.6 Schedule of expenses

A detailed breakdown of the costs incurred during the Period, whether paid or unpaid, is set out at Appendix 4

3.7 Dividend prospects

3.7.1 Secured creditors

The Group received funding from the Bank comprising working capital facilities of £25 million together with associated ancillary facilities of £13 million

The Bank holds a first ranking debenture dated 24 May 2011 containing fixed and floating charges over the Company's assets

At the end of the Period, the Joint Administrators had distributed a total of £20.5 million to the Bank

The JJB Group operated with additional facilities from DSGI and Adidas totalling approximately £18.5 million and £15 million respectively. These facilities were also secured by a debenture dated 27 April 2012 conferring second ranking status to DSGI. To date, the Joint Administrators have distributed £1.8 million to DSGI including £300,000 in the Period. The Joint Administrators anticipate that DSGI will suffer a shortfall on their lending.

There will be no funds available to Adidas whose facility was largely undrawn at the date of the Joint Administrators' appointment.

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

3.7.2 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. A total of £22,876 has been paid in the Period in settlement of these claims.



3.7.3 Unsecured creditors

One of the purposes of the previous progress report was to support an application to Court to obtain permission to make a distribution to unsecured creditors of the Company from the Prescribed Part, pursuant to Paragraph 65 of Schedule B1 to the Insolvency Act 1986. Approval was subsequently obtained from the Court and the Joint Administrators are currently in the process of agreeing these claims.

The Joint Administrators will shortly issue a formal notice requiring creditors to submit their claims within a defined window in order to participate in the distribution. The amount of the Prescribed Part will be the statutory maximum of £600,000. However, based on the Directors' estimate of total unsecured claims as set out in the statement of affairs (which was appended to the Joint Administrators' proposals), the return to creditors may not exceed 1 pence in the £ claimed.

3.7.4 Shareholders

As previously reported, there will be no funds available to shareholders.

4 Future strategy

4.1 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,
- ongoing asset realisations (principally rates refunds and residual sums which the Joint Administrators believe are due under the APA),
- dealing with landlords regarding the surrender of leases,
- reconciling third party funds,
- settlement of any ongoing liabilities such as insurance, professional costs and other outstanding costs,
- making further distributions to the secured lenders as appropriate, and
- making a distribution of the Prescribed Part to unsecured creditors.

5 Comments on the Appendices

5.1 Statutory information

Statutory information can be found in Appendix 1

5.2 Receipts & payments account for the Period

The receipts and payments for the period are set out at Appendix 2

For comments on receipts and payments made in the Period, please refer to paragraphs 3.3 and 3.4 respectively

5.3 Expenses for the period

Expenses for the Period, which are summarised in Appendix 4, total £3,523,069 including amounts not yet paid of £2,106,072. These figures include the Joint Administrators' total time costs to date as no fee accruals appeared in previous reports. Creditors should note that the Joint Administrators do not anticipate that these time costs will be drawn in full.

Administrators' remunerationA breakdown of the Joint Administrators' time costs for the Period is attached (see Appendix 3)

The statutory provisions relating to remuneration are set out in r2.106 of the Rules. A creditor's guide to fees can be found at

http://www.r3.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 Thomas Johnson on 0161 246 4102

During the Period, we have incurred time costs of £330,649 representing 1,013 hours at an average rate of £326 per hour. This includes input from sustainability, direct and indirect tax KPMG LLP specialists.

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



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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.

In the period, fees of £882,149 and disbursements of £17,555 have been drawn by the Joint Administrators. Approval to draw such fees and disbursements was requested and subsequently received from the Bank (as security trustee for all secured lenders) and preferential creditors as appropriate.

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 r2 48A of the Rules and to challenge the Administrators' remuneration and expenses under r2 109 of the Rules are included in Appendix 5. In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value of total unsecured liabilities listed by making an application to court in accordance with r2 109 of the Rules.



Appendix 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



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Appendix 2

Joint Administrators' receipts and payments account

JJB Sports Plc (In Administration) Administrators' Trading Account		
Statement of Affairs	From 03/07/2013 To 02/01/2014	From 01/10/2012 To 02/01/2014
POST APPOINTMENT SALES		
Miscellaneous income	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
OTHER DIRECT COSTS		
Direct labour	NIL	278,391.11
Employee expenses	NIL	2,980.96
	<u>NIL</u>	<u>(281,372.07)</u>
TRADING EXPENSES		
Heat & light	4,896.12	46,228.54
	<u>(4,896.12)</u>	<u>(46,228.54)</u>
TRADING SURPLUS/(DEFICIT)	<u>(4,896.12)</u>	<u>(327,600.61)</u>



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

Statement of Affairs	From 03/07/2013 To 02/01/2014	From 01/10/2012 To 02/01/2014
	FIXED CHARGE ASSETS	
8,000,000.00	Freehold property	NIL
1,400,000.00	Leasehold property	8,000,000.00
	Leasehold property deed of settlement	1,535,000.00
	Assigned IP	39,049.32
420,953.00	Fixtures and Fittings	99,998.00
1,000,000.00	IP Licences	NIL
	Goodwill	960,000.00
	Rent	75,000.00
	Bank interest gross	4,381.99
	Licence Fee	10,889.08
	Interest on completion monies	1,109,931.20
		45.05
		<u>11,834,294.64</u>
	FIXED CHARGE COSTS	
	Administrators' fees	252,704.00
	Legal fees	124,500.60
	Legal disbursements	521.10
	Agents'/Valuers' fees	5,949.62
	Non-Transferred Store - Rent	49,770.00
	Insurance of assets	3,814.63
	VPS Fixed costs	5,777.00
	Bank charges	17,435.50
	Transferred store - Rent	34,351.30
	Transferred store - Service Charge	20.00
	Transferred store - Insurance	106.00
		125,122.10
		6,968.53
		8,353.45
		<u>(10,556.94)</u>
		<u>(1,617,730.13)</u>
	FIXED CHARGE CREDITORS	
(10,820,953.00)	Lloyds TSB Bank Plc	NIL
		<u>9,836,938.44</u>
		<u>(9,836,938.44)</u>
	ASSET REALISATIONS	
	3rd party funds held by JJB	370.55
371,076.00	Furniture & equipment	813,964.72
	Post Appointment Invoicing	750,000.00
9,196,357.00	Stock	40,490.04
1,344,716.00	Book debts	9,480,708.47
51,753.00	Computer Equipment	192,406.90
	Cash from stores	NIL
	Unallocated cash	365,190.49
3,307,673.00	Cash at bank	(83,660.43)
		5,087.80
		<u>2,890,975.63</u>
		<u>14,538,824.05</u>
	OTHER REALISATIONS	
	Bank interest gross	5,879.62
	Sundry refunds	14,708.23
	Trading Surplus/(Deficit)	7,720.37
	Rates refund	(4,896.12)
	Petty Cash	489,622.90
	Sundry Debtors	1,291,109.50
	Insurance refunds	922.17
		698.77
		<u>184,513.60</u>
		<u>1,340,040.63</u>



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

Statement of Affairs	From 03/07/2013 To 02/01/2014	From 01/10/2012 To 02/01/2014
	COST OF REALISATIONS	
	Collection of Books and Records	9,430.00
	VPS Floating costs	42,886.38
	DTZ Commission	188,432.23
	Irrecoverable VAT	19.97
(80,000.00)	Sundry Costs	233.05
	Payments on behalf of SDI	4,252.98
	Professional Fees	10,032.50
	Subcontractors	400.00
	Sundry expenses	412.60
	Administrators' fees	629,445.00
	Administrators' expenses	17,555.47
	Voucher Commission	10,435.55
	Legal fees	306,729.43
	Legal disbursements	6,401.78
	Storage costs	6,044.97
	Re-direction of mail	555.00
	Statutory advertising	1,136.70
	Other property expenses	623.00
	Insurance of assets	3,125.50
	Bank charges	112.00
	Return of third party funds	10.00
	Equipment rental	23,260.07
	(837,080.44)	(1,263,534.18)
	PREFERENTIAL CREDITORS	
	Subrogated FR(C)A claim	551.54
	Employees' wage arrears	22,323.92
	(22,875.46)	(22,875.46)
	FLOATING CHARGE CREDITORS	
(32,922,198.00)	Lloyds TSB Bank Plc	10,701,450.13
	Dicks sporting goods inc	1,800,000.00
	(216,339.57)	(12,501,450.13)
	UNSECURED CREDITORS	
(212,218,772.00)	Trade & expense	NIL
(35,948,888.00)	Issued and Called Up Share Capital	NIL
	NIL	NIL
(266,898,283.00)	(1,183,999.65)	2,470,630.98
	REPRESENTED BY	
	Floating ch. VAT rec'able	254,167.66
	Fixed charge current	365,858.00
	Floating charge current	2,055,338.66
	Fixed charge VAT rec'able	319,584.94
	Fixed charge VAT payable	(300,986.25)
	Floating ch. VAT payable	(2,267.49)
	PAYE/NIC	11,121.54
	Floating ch. VAT control	(227,355.46)
	Fixed charge VAT control	(4,830.62)



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Appendix 3

Analysis of Joint Administrators' time costs for the period 3 July 2013 to 2 January 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Bankrupt/Director/Member							
Share Registrars			1 00		1 00	£255 00	£255 00
Cashiering							
General (Cashiering)	4 05	0 30	21 55		25 90	£9 165 00	£353 86
Reconciliations (& IPS accounting reviews)		5 60	3 20		8 80	£4 027 00	£457 61
General							
Books and records			10 70		10 70	£2 590 50	£242 10
Fees and WIP	0 10	2 30	5 20		7 60	£2 908 00	£382 37
Statutory and compliance							
Appointment and related formalities			1 00		1 00	£320 00	£320 00
Checklist & reviews		37 00	9 00		46 00	£23 869 50	£518 90
Pre appointment checks			3 90		3 90	£1 248 00	£320 00
Reports to debenture holders		18 00	0 30		18 30	£10 232 00	£559 13
Statutory receipts and payments accounts			0 70		0 70	£214 00	£305 71
Strategy documents	1 00	9 00	5 40		15 40	£7 447 50	£483 60
Tax							
Post appointment corporation tax	0 50	13 25	11 40	0 70	25 85	£9 831 75	£380 34
Post appointment PAYE			1 00		1 00	£240 00	£240 00
Post appointment VAT	2 60	2 50	16 30		21 40	£7 723 50	£360 91
Creditors							
Creditors and claims							
Agreement of preferential claims		2 10	4 40		6 50	£2 563 00	£394 31
Agreement of unsecured claims	2 00	23 80	69 60		95 40	£32 717 00	£342 95
General correspondence	1 50	42 30	182 50		226 30	£65 299 50	£288 55
Legal claims			1 80		1 80	£447 00	£248 33
Payment of dividends		0 60	0 80		1 40	£520 00	£371 43
Secured creditors	4 50	1 60	5 70		11 80	£5 875 50	£497 92
Statutory reports	6 00	0 30	20 15		26 45	£10 009 00	£378 41
Employees							
Agreeing employee claims		0 30	5 90		6 20	£2 053 00	£331 13
Correspondence			89 20	1 50	90 70	£26 218 00	£289 06
General analysis							
General Analysis 01			7 00		7 00	£315 00	£45 00
Investigation							
Directors							
D form drafting and submission			17 50		17 50	£787 50	£45 00
Disqual affidavits and proceedings		4 20			4 20	£2 415 00	£575 00
Investigations							
Correspondence re investigations	0 50				0 50	£382 50	£765 00
Mail redirection			7 15		7 15	£1 753 50	£245 24
Realisation of assets							
Asset Realisation							
Cash and investments	0 50	6 80	14 00		21 10	£7 371 00	£349 34
Debtors	0 10	3 10	18 00		21 20	£8 323 00	£298 25
Freehold property			1 50		1 50	£382 50	£255 00
Goodwill			2 00		2 00	£510 00	£255 00
Health & safety			1 00		1 00	£255 00	£255 00
Leasehold property	0 10	38 85	203 85		242 80	£66 267 00	£272 93
Open cover insurance			1 80		1 80	£487 50	£270 83
Other assets			2 00		2 00	£490 50	£245 25
Sale of business	5 00	23 00	0 80		28 80	£17 010 00	£594 76
Purchases and trading costs			0 50		0 50	£127 50	£255 00
Total in period					1 012 95	£330 649 25	£326 42
BT			0 00		7 736 26	£2 643 371 90	£341 69
In the period			0 00		1 012 95	£330 649 25	£326 42
CT			0 00		6 749 21	2 974 021 15	£339 92



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Appendix 3 (continued)

Joint Administrators' charge out rates for the period 3 July 2013 to 2 January 2014

Chargeable rates (£ per hour) from 3 July to 30 September 2013

Grade	Restructuring	Direct tax	Indirect tax	Sustainability
Partner	765	-	-	-
Director	-	-	-	-
Senior Manager	550	-	-	-
Manager	440	440	480	-
Assistant Manager	320	320	-	-
Assistant	240	-	-	-
Support	125	-	-	-

Chargeable rates (£ per hour) from 1 October 2013 to 2 January 2014

Grade	Restructuring	Direct tax	Indirect tax	Sustainability
Partner	765	-	-	-
Director	670	-	670	-
Senior Manager	585	-	-	-
Manager	465	-	480	-
Assistant Manager	340	335	-	-
Assistant	255	-	245	255
Support	-	-	-	-



Appendix 3 (continued)

Joint Administrators' disbursements in the period

Category 1 expenses incurred to 2 January 2014

Description	£
KPMG Rotterdam (assistance with the winding up of JJB Sports BV (Holland))	3,342 80
RR Donnelley (printing services)	571 23
Public transport	32 10
Parking	19 17
Total	3,965 30

Category 2 expenses incurred to 2 January 2014

Description	£
Mileage	45 00

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 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 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.

The only Category 2 disbursement KPMG currently charge is mileage calculated as follows:

- 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

When carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.

The above disbursements have not yet been charged to the Company.



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Appendix 4

Schedule of Administration expenses for the Period

	Paid per R&P	Less Prior accruals	Accrued unpaid in period	Total expenses incurred in period
Trading expenses	-	-	-	-
Direct labour	-	-	-	-
Employee expenses	-	-	-	-
Heat & light	-	7,000 00	-	-
Fixed charge costs	-	-	-	-
Administrators' fees (note)	252,704 00	-	100,000 00	352,704 00
Administrators' expenses	-	-	-	-
Legal fees	124,500 60	113,024 35	5,000 00	16,476 25
Legal disbursements	521 10	-	100 00	621 10
Agent's commission	-	-	-	-
Managing agent's fees	-	-	-	-
Bank charges	20 00	-	-	20 00
Licence fees	140,444 08	230,281 51	-	-
Insurance	5,777 00	14,666 83	2,000 00	2,000 00
Floating charge costs	-	-	-	-
Administrators' fees (note)	629,445 00	-	1,991,872 15	2,621,317 15
Administrators' expenses	17,555 47	-	-	17,555 47
Collection of books & records	-	-	-	-
Managing agent's fees	-	-	-	-
Commission on rates refunds	92,758 64	-	-	92,758 64
Irrecoverable VAT	-	-	-	-
Sundry costs	-	-	-	-
Payments on behalf of purchaser	-	-	-	-
Professional fees	-	-	-	-
Subcontractors	-	-	-	-
Sundry expenses	-	-	-	-
Voucher commission	-	-	-	-
Legal fees	94,424 35	299,832 35	5,000 00	399,256 70
Legal disbursements	-	10,562 17	100 00	10,662 17
Storage costs	2,490 98	1,674 82	2,000 00	6,165 80
Mail redirection	350 00	-	-	350 00
Statutory advertising	-	-	-	-
Insurance	-	3,125 50	-	3,125 50
Other property expenses	-	-	-	-
Bank charges	46 00	-	-	46 00
Equipment rental	-	-	-	-
Return of 3rd party funds	10 00	-	-	10 00
Total	1,361,047 22	673,167 53	2,106,072 15	3,523,068 78

Note As no such accrual was disclosed in previous reports, an accrual has been made in the Period for total undrawn time costs. However, creditors should note that the Joint Administrators do not anticipate that this accrual will be fully drawn.

Appendix 5

Extract from the 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, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1) (db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

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,



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(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