

# AM10

## Notice of administrator's progress report



Companies House

FRIDAY



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27/09/2019

#151

COMPANIES HOUSE

### 1 Company details

Company number 01826057  
Company name in full Toys "R" Us Holdings Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Simon  
Surname Thomas

### 3 Administrator's address

Building name/number 88 Wood Street  
Street London  
Post town EC2V 7QF  
County/Region  
Postcode  
Country

### 4 Administrator's name ①

Full forename(s) Arron  
Surname Kendall

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 88 Wood Street  
Street London  
Post town EC2V 7QF  
County/Region  
Postcode  
Country

② Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

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### Period of progress report

From date

d 2 8 m 0 2 y 2 0 y 1 9

To date

d 2 7 m 0 8 y 2 0 y 1 9

7

### Progress report

☒ I attach a copy of the progress report

8

### Sign and date

Administrator's  
signature

Signature

X

*M. L.*

X

Signature date

d 2 5 m 0 9 y 2 0 y 1 9

# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Simon Thomas**

Company name **Moorfields**

Address **88 Wood Street**

**London**

Post town **EC2V 7QF**

County/Region

Postcode

Country

DX

Telephone **0207 186 1144**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**



**Toys 'R' Us Limited (In Administration)  
Toys 'R' Us Holdings Limited (In Administration)**

**Joint Administrators' Third Progress Report**

**in accordance with**

**Rule 18.6 of the Insolvency (England & Wales) Rules 2016**

**25 September 2019**

**Delivered to Creditors on 25 September 2019**

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#### *Disclaimer:*

*This report has been prepared for the sole purpose of updating creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever*

## **Toys 'R' Us Limited ("Opco") and Toys 'R' Holdings Limited ("Holdco") (together "the Companies", "TRU") – both in Administration**

### **1. Background and Statutory Information**

This is the Joint Administrators' third progress report on the conduct of the Administration during the period 28 February 2019 to 27 August 2019 in accordance with the requirements of Rule 18.6 of the Insolvency (England & Wales) Rules 2016 ("the Rules").

This report should be read in conjunction with the Joint Administrators' previous reports. There has been no major deviation from the strategy as detailed in the proposals.

The Companies entered Administration on 28 February 2018 and Simon Thomas and Arron Kendall, both Licensed Insolvency Practitioners of Moorfields Advisory Limited ("Moorfields"), 88 Wood Street, London, EC2V 7QF, were appointed to act as Joint Administrators ("the Administrators").

To date no fees have been drawn in respect of the Administrations. Further information regarding fees is given in Section 4.

Having taken legal advice, the Administrators have made an application to the court for directions ("the Directions Hearing") on the validity of the floating charge granted to the Secured Creditors and to determine whether certain categories of assets fall under the fixed or floating charge contained in the charging instrument. The directions hearing date has been set for the middle of November 2019 with the trial scheduled for middle of June 2020.

The dividend prospects for the unsecured creditors will be determined by the outcome of the hearing. Should the floating charge be deemed to be valid the distribution will be limited to the prescribed part. Should the floating charge be deemed to be invalid this will have a corresponding impact on the recovery prospects for unsecured creditors. This is discussed in more detail in Section 7.3 of this report.

Statutory information relating to the Companies and the Joint Administrators' appointments is attached at Appendix I.

The affairs, business and property of the Company are managed by the Joint Administrators who act as agents of the Company and contract without personal liability.

### **2. Progress of the Administration**

There has been no deviation from the strategy detailed in the Proposals in respect of either Administration.

The Administrators' receipts and payments accounts for the period 28 February 2019 to 27 August 2019, and cumulatively since appointment, are attached at Appendix II (Opco) and Appendix II.1 (Holdco). In the case of Opco, a trading account has also been provided.

The Administration trading account in respect of Opco has been substantively finalised, and the Administrators do not expect the figures presented within the summary of receipts and

payments to materially change beyond payment of outstanding rent, rates and utilities which are currently estimated to amount to £803,922.

The Joint Administrators would comment specifically as follows:

## 2.1 Realisation of Assets - OPCO

### 2.1.1 Debtors – Institutional Sales, 3<sup>rd</sup> Party Shopping Vouchers, Misc. Invoices, Retro Rebates, Non-Merchant Refunds, Court Compensation, Other Debtors and Post Appointment Book Debts

Estimated to Realise per SOA	£1,998,042
Realised during the Period	£2,425
Realised to Date	£1,978,861
Expected Further Realisations	£3,000

During the period we have realised £2,184 in regard to the court compensation debtors. In addition, three further compensation orders were granted during the period in respect of damage caused to a store which amount to £1,950. A further £3,000 is anticipated to be realised.

We have now received the final sum due in relation to 3<sup>rd</sup> party shopping vouchers amounting to £237. No further funds will be received in this regard.

As advised in our previous report all other book debt recovery processes in regard to Institutional Sales, 3<sup>rd</sup> party shopping vouchers and gift cards, retro rebates from suppliers and non-merchant refunds are now complete.

### 2.1.2 Intercompany Debtors - Opco

Estimated to Realise per SOA	£Nil
Realised during the Period	£Nil
Realised to Date Opco	£260,010
Realised to Date Holdco	£56,800
Expected Further Realisations	Uncertain

As previously reported there are a number of inter-company debts due to the Companies from various associated entities within the wider TRU Group in accordance with the following matrix:

Note	Creditor	Debtor	Book Value £	Realised to Date £	Estimated to Realise £
1	Opco	Toys "R" Us Properties (UK) Limited	75,006,422	125,000	Nil
2	Opco	Holdco	49,545	-	Uncertain
3	Opco	TRU (UK) H4 Limited	311,938,467	-	Uncertain
4	Opco	Toys "R" Us France	128,239	135,010	Nil

*Notes*

- 1 As previously reported this debt was assigned for the sum of £125,000 and therefore no further recovery will be made.
- 2 Any realisation in regard to this debt will be minimal and is dependent on realisations from other intercompany debts, the position of which are currently unclear.
- 3 As previously advised this company is in Liquidation. In accordance with the recent progress report the Liquidators are continuing with their investigations into the validity of the security held and until this is resolved they are only anticipating a distribution to the non-preferential unsecured creditors via the Prescribed Part. Realisations are therefore uncertain at this time.
- 4 As previously advised this has been settled in full and therefore no further realisations will be made.

The associated timescales for the realisation of any intercompany debts are likely to be protracted and therefore any material developments in this regard will be reported in future reports.

*Intercompany Debtors – Holdco*

<b>Note</b>	<b>Creditor</b>	<b>Debtor</b>	<b>Book Value £</b>	<b>Realised to Date £</b>	<b>Estimated to Realise £</b>
1	Holdco	Toys "R" Us (UK) Limited	629,958,515	Nil	Uncertain
2	Holdco	Toys "R" Us France	87,913	56,800	Uncertain

*Notes*

- 1 As previously advised this company is in Liquidation. In accordance with the recent progress report the Liquidators' are continuing with their investigations into the validity of the security held and until this is resolved they are only anticipating a distribution to the non-preferential unsecured creditors via the Prescribed Part. Realisations are therefore uncertain at this time.
- 2 The debt due from TRU France has largely been collected in full as a condition of the Administrators providing co-operation with shared services transitioning arrangements. We do not anticipate making any further recoveries.

The associated timescales for the realisation of any intercompany debts are likely to be protracted and therefore any material developments in this regard will be reported in future reports.

**2.1.3 Cash at Bank and in Transit**

Estimated to Realise per SOA	£15,991,233	
Realised during the Period	£34,267	
Realised to Date	£16,762,489	*
Expected Further Realisations	£Nil	

\*includes an accrued realisation of £8,788,362

First Data released the final funds held amounting to £32,107 following the settlement of the final chargebacks. PayPal have now also settled the balance of the funds held by them amounting to £2,160. No further realisations will be made in this regard.



As previously advised there remains a balance of funds amounting to £8,788,362 held by HSBC Bank Plc which is subject to a freezing order following the secured creditors' assertion that the funds have been assigned to them under a fixed charge. These funds are reflected on the receipts and payments accounts as those held by a third party and are detailed in the main receipts as an accrued realisation.

The freezing order is being challenged as part of the on-going legal proceedings regarding the validity of the secured charges.

#### 2.1.4 *Import Duty Overpayment*

Estimated to Realise per SOA	N/A
Realised during the Period	£124,238
Realised to Date	£124,238
Expected Further Realisations	£10,000-£30,000

As previously advised a claim for the overpayment of import duty had been lodged with HM Revenue & Customs. This claim has now been agreed and the sum of £124,238 was received during the period in settlement of the claim made.

There is a further potential claim in the region of £10,000-£30,000 to be made and our agent is currently preparing the necessary information to pursue this claim.

#### 2.1.5 *Pre-Payments*

Estimated to Realise per SOA	£290,231
Realised during the Period	£869,239
Realised to Date	£2,199,491
Expected Further Realisations	£70,657

The Administrators have continued to liaise with Opco's various rating authorities and have realised prepayment refunds in respect of the 2017/2018 tax year. The sum of £712,498 has been received during the period. A further balance of £27,397 is anticipated to be received but may be offset against the trading period business rates liabilities.

Hilco have also been instructed to appeal rateable values of a number of properties with a view to generating further rebates. The sum of £156,741 has been received during the period. Further rebates amounting to £43,260 are anticipated to be received.

#### 2.1.6 *Rent Receivable*

Estimated to Realise per SOA	N/A
Realised during the Period	£1,200
Realised to Date	£204,510
Expected Further Realisations	uncertain

The sum of £1,200 has been received in relation to a sub-tenant obligation under one of the leases which has not yet been surrendered. Rent of £600 per quarter will continue to fall due until the lease is surrendered.

### 2.1.7 *Potential Interchange Fees Claim*

Estimated to Realise per SOA	N/A
Realised during the Period	£Nil
Realised to Date	£Nil
Expected Further Realisations	estimated between £0-3 million

As previously reported, we have ascertained that Opco has a claim in respect of the overpayment of interchange fees, which is not included within the SOA. The realisable value of this claim cannot presently be ascertained, and the outcome is speculative. However, it is believed it could be a material sum.

The group claim in this regard is continuing. At this stage it is too early to estimate what is likely to be recovered, as a complex calculation needs to be undertaken to determine which transactions qualify. Furthermore, it is anticipated that this action is likely to take 18 months to two years to conclude (and possibly longer if it goes to trial).

### 2.1.8 *Bank Interest*

Due to the value of funds held, a percentage of these funds have been invested in a number of Moneymarket accounts to maximise interest earned. Gross interest received during the period amounted to £68,930 for Opco and £63.90 for Holdco.

Bank charges amounting to £103 have been incurred in the period in relation to CHAPS payments in Opco.

### 2.1.9 *Trading Surplus*

As creditors are aware, the Joint Administrators traded the Company for the period 28 February 2018 – 24 April 2018, which resulted in a trading profit of £27,052,116. The trading costs in respect to the rents, rates and utilities have not yet been finalised. However, the final position is not expected to be materially different. The Joint Administrators' trading account summary is detailed in the Receipts and Payments account attached at Appendix II.

## 2.2 **Assets Still to be Realised**

The assets which remain to be realised are as follows:

#### *Opco*

- Court Compensation - £3,000
- Intercompany Debtors – Uncertain
- Import Duty reclaim - £10,000 -£30,000
- Pre-payment rates rebates - £70,657
- Interchange Claim - £0 - £3million

#### *Holdco*

- Intercompany Debtors – Uncertain

## 2.4 Joint Administrators' Expenses

The expenses paid by the Joint Administrators in the period of this report are reflected in the receipts and payments account at Appendix II.

The following expenses have been incurred by the Joint Administrators in the period but not paid:

### Opcos

<b>Expenses</b>	<b>Accrued as at 27 August 2019 £</b>	<b>Total expenses outstanding as at 27 August 2019 £</b>
Bordereau	600.00	600.00
Storage	33,579.48	33,579.48
Telephone conference call	59.71	59.71
Internet Shopify	203.19	203.19
Software Licence	280.40	280.40
Travel – Costs Cat 1	62.20	62.20
Travel – Mileage Cat 2	4,732.62	4,732.62
Entertaining	155.80	155.80
	<b>39,673.40</b>	<b>39,673.40</b>

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend upon the position at the end of the tax accounting period. All expenses are stated net of VAT.

## 2.5 Professional Advisers

The Joint Administrators have used the professional advisers listed below, during the period:

<b>Name of Adviser</b>	<b>Brief description of services provided</b>	<b>Basis of fee arrangement</b>	<b>Costs incurred in the period £</b>	<b>Costs paid in the period £</b>	<b>Amount unpaid £</b>
Alvarez & Marsal	IT, VAT, Corporation Tax & other Consultancy	Time costs	34,535	41,019	2,118
DLA Piper	Solicitors re: property	Structured fee proposal	Nil	60,000	Nil

<b>Name of Adviser</b>	<b>Brief description of services provided</b>	<b>Basis of fee arrangement</b>	<b>Costs incurred in the period £</b>	<b>Costs paid in the period £</b>	<b>Amount unpaid £</b>
Hilco Profit Recovery	Business Rates Refunds	20% of cumulative realisations up to £249,999; 22.5% of cumulative realisations between £250,000 - £499,999; 25% of cumulative realisations over £500,000	35,267	35,267	Nil
Kirkland & Ellis	Solicitors re: General Advice, Fees Application & Topco	Time costs	537,571	0	574,561
Stephenson Harwood	Solicitors re: PPF and S245 application	Time costs	220,213	229,836	8,632
Tradeflow Customs Consultancy	HMRC Import Duty Agent	Structured fee proposal	37,271	37,271	Nil
Troutman Sanders LLP	American Lawyers re: Chapter 11	Time costs capped at \$35,000	0	14,350	Nil
Travers Smith	Solicitors re: property [replaced DLA Piper]	Time costs recoverable direct from the Landlords	N/a	N/a	N/a
Wilberforce Chambers	Barrister re: Fees Application	Time costs	10,685	0	10,685

Name of Adviser	Brief description of services provided	Basis of fee arrangement	Costs incurred in the period £	Costs paid in the period £	Amount unpaid £
Former Employee	One-off goodwill payment for voluntary court appearance in a property trespass case	N/a	500	500	Nil
PDT Solicitors	Book Debt Collection – refund of overpayment only	N/a	(£875)	(£875)	Nil

Further details of the work undertaken by the professional advisers is contained within the body of both this report and our earlier reports.

The Joint Administrators' choice was based upon their perception of the advisers' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them. The Joint Administrators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

Much of the legal and specialist accountancy work is continuing in relation to the surrender of the leases, the issues surrounding the secured charges and the S245 application and work undertaken to prepare and issue the application to Court for the approval of our fees. Due to the potential level of work involved in the two court proceedings it is hard to determine the likely final legal costs prior to the directions hearings. However, early estimates without any appeals are in the region of £1.6m.

I have sub-contracted some of the work I am required to undertake as Administrator, namely liaising with the former employees and the Redundancy Payments Office to agree the employee claims. This work was sub-contracted to an unconnected third-party organisation, ERA Solutions Limited, who have charged £83,780 for undertaking that work, which has been paid in full. Further work remains to be done to finalise these claims and I estimate that it will cost an additional £21,220 to complete it.

### 3. Pre-administration Costs

The pre-administration costs were disclosed in the Proposals and approval for payment was sought from both the preferential and secured creditors. The preferential creditors have given their approval to these costs in accordance with Rule 3.52 of IR16, however approval has yet to be provided by the secured creditor.

During the period the Joint Administrators continued to attempt to seek approval from the secured creditors in this regard without the necessity to make an application to Court for their approval. However, this approval was not forthcoming before the 18-month statutory deadline and therefore an application to Court for their approval has now been made.

The outstanding costs we are seeking approval for are as follows:

#### Opco

<b>Description</b>	<b>£</b>
Moorfields – Time Costs *	205,382.35
Moorfields – Disbursements	7,417.98
Kirkland & Ellis – Costs	76,267.50
Kirkland & Ellis - Disbursements	41,612.25
	<u><b>330,680.08</b></u>

\* N.B. The sum of £120,000 was received prior to our appointment in part settlement of these costs. These funds are currently held in an Advanced Fee Account but will shortly be transferred to the estate accounts.

#### Holdco

<b>Description</b>	<b>£</b>
Moorfields – Time Costs	1,057.50
	<u><b>1,057.50</b></u>

## **4 Joint Administrators' Remuneration**

The statutory provisions relating to remuneration are set out in Rule 18.16 of the Rules. Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with SIP 9, and they can be accessed at <http://www.icaew.com/en/technical/insolvency/creditors-guides>. Please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.

As advised in our earlier reports the Joint Administrators have, in accordance with Rule 18.18 of the IR16, written to both the secured, and in the case of Opco, the preferential creditors seeking the following for both Opco and Holdco:

- Approval of the basis of the Administrators Remuneration;
- Approval to draw expenses and necessary disbursements;
- Confirmation that once the Administration is complete, and the final reports are issued, that the Administrators be discharged from liability.

Whilst the preferential creditors of Opco have approved the basis of the aforementioned resolutions, approval from the Secured Creditors of both Opco and Holdco has not yet been received. Numerous attempts were made to resolve this matter before the statutory 18-month deadline however, these proved fruitless. An application to Court seeking approval of the outstanding costs and disbursements has now been made in line with our previous fee estimate. We will report to creditors following the court hearing on the quantum of fees agreed.

Attached at Appendix III and Appendix III.I are time and cost analyses in accordance with SIP9, which provides details of the activity costs incurred by reference to time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration during this period, being 28 February 2018 to 27 August 2019, together with a cumulative time analysis for the period from appointment.

In Opco, time costs for the period from 28 February 2019 to 27 August 2019 amount to £693,211. This represents 1,987 hours at an average hourly rate of £349 per hour.

In Holdco, time costs for the period from 28 February 2019 to 27 August 2019 amount to £14,515.75. This represents 51 hours at an average hourly rate of £284 per hour.

As creditors are aware, Opco was traded for the period 28 February 2018 to 24 April 2018. During the current period time amounting to £92,727.50 has been spent in finalising the costs of the trading period. Total trading costs for the period from appointment to 27 August 2019 amount to £1,956,763.95, as detailed in Appendix III.

It is the Joint Administrators' policy to delegate the routine administrative tasks to less senior staff in order to maximise the cost effectiveness of the work performed. These staff are supervised by senior staff and the Joint Administrators. Any matter of complexity or significance is dealt with by the senior staff on the team and the Joint Administrators.

There is certain work that the Joint Administrators are required by the insolvency legislation to undertake in connection with the administration that provides no financial benefit for the creditors. Attached at Appendix IV is a schedule detailing activities undertaken together with supporting information in accordance with SIP 9. This also contains additional information in relation to this firm's policy on staffing, disbursements and details of our current charge-out rates by staff grade.

The Joint Administrators have not drawn any remuneration date.

A summary of the work undertaken during the period is as follows:

#### *Administration*

- Undertaking periodic reviews of the progress of the cases;
- Review and increase where necessary specific penalty bonds;
- Preparing and issue progress reports to creditors and members;
- Filing returns at Companies House and the Court;
- Dealing with all routine correspondence and emails relating to the cases;
- Undertaking regular bank reconciliations of the bank account containing estate funds;
- Liaising with the stakeholder pension scheme provider regarding allocation of contributions;
- Liaising with former Financial Director, PPF and pension agent regarding a previously undisclosed executive pension scheme;
- Preparing and filing VAT returns;
- Preparing, liaising with tax adviser and filing Corporation Tax returns; and
- Arranging for the collection, storage and filing of the Companies' physical and electronic records.

#### *Investigations*

- Ongoing work with Stephenson Harwood regarding the security review and subsequent S245 Directions Hearing and Discovery.

#### *Realisation of Assets*

- Regularly monitoring the suitability and appropriateness of the insurance cover in place;

- Collection of the court compensation debtors and corresponding with the Courts where required;
- Negotiations and dealing with issues around business rates and sub-tenant income;
- Deal with the formal surrender of leases; and
- Liaising with solicitors regarding the progression of a claim for the overpayment of interchange fees to merchant services providers.

#### *Trading*

- Accounting for trading including settling all liabilities associated with rent, rates and utilities for the trading period;
- Liaising with the pension scheme regarding contributions and transferred schemes; and
- Processing PAYE adjustments for the trading period at the request of HMRC.

#### *Creditors*

- Corresponding with employees regarding their claims;
- Liaising with ERA Solutions to assist with processing employee claims;
- Liaising with the RPO regarding employee claims;
- Liaising with Group companies to establish the inter-company creditor positions;
- Maintaining up to date creditor information on the case management system;
- Commence reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend;
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims; and
- Secured Creditor reporting and production of regularly updated Estimate Outcome Statements at their and the Trustee's request.

#### *Case Specific Matters*

- Legal matters relating specifically to the fee approval settlement requests with the secured creditors;
- Instructing and meeting Counsel regarding the issuing of the application to Court for fee approval;
- the production of the witness statements and preparing the necessary time schedule supporting documentation for the Court fee application; and
- Liaising with Kirkland & Ellis Solicitors regarding the witness statements and the filing of the Court application for fee approval.

## **5. Joint Administrators' Disbursements**

All expenses and disbursements paid by the Joint Administrators are reflected in the receipts and payments account at Appendix II.

In accordance with SIP 9, where expenses are incurred by Moorfields in respect of the insolvent estate they may be recharged. Such expenses can be divided into two categories, details of which are provided at Appendix IV.

### **5.1 Category 1 Disbursements**

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling, postage, storage (if external provider), photocopying (if external provider), statutory advertising and other expenses made on behalf of the assignment.



Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

The Joint Administrators' have incurred Category 1 disbursements amounting to £809.95 during the period which remain unpaid and details of which are below:

<b>Category 1 Disbursements</b>	<b>Incurred during the period £</b>	<b>Amount unpaid £</b>
Specific Penalty Bond	600.00	600.00
Telephone Conference Calls	59.71	59.71
Travel	4.50	4.50
Software licences	145.74	145.74
<b>Total</b>	<b>809.75</b>	<b>809.95</b>

## 5.2 Category 2 Disbursements

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Moorfields for the provision of services which include an element of recharged overhead, for example, room hire or internal document storage. SIP 9 provides that such disbursements are subject to approval as if they were remuneration.

The Joint Administrators' have not incurred any Category 2 disbursements during the period.

## 6. **Prescribed Part**

Under the provisions of Section 176A of the Insolvency Act 1986 the Administrators must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003.

The Prescribed Part (section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs and preferential claims (the 'net property'), to be set aside for unsecured creditors. This equates to:

- 50% of net property up to £10,000
- Plus, 20% of net property in excess of £10,000
- Up to a maximum of £600,000.

The Company's net property is the amount of its property subject to any floating charges created by the Company after allowing for costs and claims of preferential creditors.

As previously advised, floating charges were granted in favour of the Secured Creditor on 17 November 2017 and the Prescribed Part would therefore ordinarily apply in respect of both Opco and Holdco. Based on present information, the Administrators estimate that after

allowing for costs, the value of the Companies' net property and therefore the Prescribed Parts are as follows:

	<b>Opco (£)</b>	<b>Holdco (£)</b>
50% of £10,000	5,000	5,000
20% of balance (to a maximum £600,000)	<u>595,000</u>	<u>16,057</u>
<b>Prescribed Part</b>	<b><u>600,000</u></b>	<b><u>21,057</u></b>

Section 7.1 refers and in the event that the floating charges granted to the Secured Creditors are avoided under Section 245 of the Act or are otherwise restricted in terms of the quantum of the sums secured, the Secured Creditor may either be unsecured or fully secured from floating charge realisations and in those circumstances the outcome to unsecured creditors could change.

The Administrators have now applied to Court for a directions hearing in respect of Section 245 of the Act having taken legal advice as to the extent of the validity of the security granted by the Companies to the Secured Creditors.

Please note that the net property and prescribed part calculation can only be estimated at this stage. The value of any prescribed part may be subject to change once creditor claims and the Joint Administrators' costs and expenses have been finalised.

## **7. Estimated Outcome for Creditors**

### **7.1 Secured Creditors**

The Secured Creditor holds a fixed and floating charges over the Companies' assets. At the date of the Administrations, the secured indebtedness was considered to be \$50,000,000, which equates to approximately £35,741,521 at US\$0.72 to GBP.

The sum of circa USD\$9.6m which was advanced in December 2017 was subject to a valid floating charge and the Joint Administrators have made a distribution to the Secured Creditor in full for the valid amount of their claim. Accordingly, a payment of £7.015m was made on 16 October 2018.

As detailed above, the validity of the remaining security will be considered at the Directions hearing to be held in October 2019. The hearing will also consider whether the funds retained at HSBC are subject to an assignment in favour of the secured creditors.

Further developments in this regard will be detailed in future progress reports in respect of the remaining Section 245 issues.

### **7.2 Preferential Creditors**

A summary of preferential claims and the dividend paid out to the preferential creditors of Opco is detailed below:

<b>Preferential claim</b>	<b>Agreed Claim £</b>	<b>Statement of Affairs Claim £</b>	<b>Dividend paid p in the £1</b>
2,894 employee claims for arrears of holiday pay	1,293,514	1,272,717	100p
Pension schemes	90,143	N/A	100p

All known preferential creditors of Opco have been paid in full.

Holdco has no known preferential creditors.

### 7.3 Unsecured Creditors

To date, the Administrators have received 262 claims totalling £194,152,138, which in addition to claims from trade suppliers and landlords, includes claims from the PPF in the sum of £93,200,000, HMRC in the sum of £16,118,555 and inter-company claims totalling £20,472,649.

The Administrators are also aware of unsecured claims for minimum wage underpayments amounting to £777,466 and the unsecured shortfall to the Secured Creditor, whilst an unsecured claim of £6,246,474 has recently been received from the RPO in respect of pay in lieu of notice and redundancy payments to Opco's former employees after the period covered by this report.

In the event that creditors have yet to prove their claims, they are invited to submit the Statement of Claim form included within the Proposals to these offices, together with appropriate supporting documentation.

No adjudication of creditors' claims has yet been undertaken. As detailed in the Proposals at that time, the Administrators did not anticipate there being sufficient funds available to enable a dividend to be paid to the unsecured creditors of Opco or Holdco other than by virtue of the Prescribed Part.

However, previous comments above refer to the validity or otherwise of the security granted to the Secured Creditor. The security issue is presently being considered by the Administrators and an application has been made to Court. The outcome of that application will have an impact upon the dividend prospects of the unsecured creditors of Opco. For example, in the event that the security is found to be invalid then this will lead to an increase in the dividend available to Opco and Holdco's unsecured creditors. Conversely, if declared valid, then distributions to the unsecured creditors would likely be limited to the funds available by virtue of the prescribed part.

As a result of the uncertainty around the position with Opco's Secured Creditor, the Administrators are not presently in a position to provide a definitive estimate of the recovery prospects of that Company's unsecured creditors, but an update in this regard will be provided in future progress reports.

## 8. **Investigations**

In accordance with the Company Directors Disqualification Act 1986 the Joint Administrators would confirm that they have submitted a report on the conduct of the Directors of the Company to the Department for Business Energy & Industrial Strategy. As this is a confidential report, the contents cannot be disclosed.

In order to complete these reports a review of the Companies' financial accounts, bank statements and Directors' questionnaires was undertaken regarding the period leading up to the Administrations to ascertain whether or not there had been any misconduct by the Directors in the form of any preference payments, transactions at an undervalue or wrongful trading.

In addition, the Joint Administrators have been facilitating the enquiries of the PPF, as required under S191 of the Pensions Act 2004, to assist with their investigations into the historic transactions undertaken by the Companies.

As was mentioned in the executive summary the Administrators have made an application to court (the Application) to seek the court's determination of the following issues:

- S245; avoidance of certain floating charges: we are seeking directions as to the validity of the floating charge granted to the DIP funders to the extent of the loans of around \$40.3m;
- HSBC deposit £8.7m: we are seeking directions as to the validity of what is asserted by the DIP funders to be an assignment to them of funds held by HSBC. There remains a prospect that the DIP funders may ask that the scope of the Application is expanded to include a question about whether certain realisations are caught by the fixed charge in their favour, as distinct from the floating charge (if valid).

The Administrators' position in these proceedings is neutral. However, the Administrators have been directed by the Court to put forward arguments available to the unsecured creditors, which direction was sought in the interests of saving costs.

The Application is set for a five-day trial and is due to be heard in the middle of November 2019. It is expected that judgment will be reserved and will follow later (and actual timing is not possible to predict at this stage). The Application is currently at an early stage and precise costs are difficult to forecast accurately at this time. Furthermore, the responsibility of the parties to the Application for costs is likely to be a matter that is determined by the Court, once it has ruled on the issues before it. However, the Administrators have at this stage provisioned for costs (on a prudent basis) of around £800,000, which sum is likely to be subject to change.

Any appeal against the judgment at first instance would require permission from the Court. If there was to be an appeal, the timing of it would largely depend on how quickly a hearing date could be allocated by the Court. At this stage, the Administrators estimate that any appeal would likely be heard between 6 and 12 months after the judgment at first instance, with judgment on the appeal following later. At this stage, it is speculative to forecast any appeal costs, and again the responsibility of the parties for costs is likely to be determined by the Court. However, the Administrators have provisioned for costs of an appeal (on a prudent basis) of around £400,000, which sum is likely to be subject to change.

## **9. Exit from Administration**

The Proposals provided that the exit route from the Administrations once they had been completed would be through one of the following mechanisms:

- Filing notice of dissolution with the Registrar of Companies. The Companies will then automatically be dissolved by the Registrar of Companies two months after the notice is registered; or
- Placing either or both of the Companies into CVL in order to facilitate a distribution to unsecured creditors other than by virtue of the Prescribed Part; or
- Applying to Court for an order that the Administrations cease.

In the event that a distribution to creditors only by virtue of the Prescribed Part is possible, then this would be undertaken by the Administrators and the exit route for the Administrations would be by dissolution. In such circumstances, it is likely that a further extension to the Administrations will be sought.

Conversely, should a floating charge surplus as regards the Secured Creditors arise, it would be the Administrators' intention to exit one or both Administrations into CVL to facilitate the distribution to unsecured creditors from these funds.

In either scenario, the Administrators will seek to be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

## **10. Creditors' Rights**

- 10.1 Within 21 Days of the delivery of this report, a secured creditor, or an unsecured creditor (with concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 10.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration charged or the expenses incurred by the Joint Administrators as set out in the progress report are excessive (Rule 18.34).

## **Further Information**

To comply with the Provision of Services Regulations, some general information about Moorfields , including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.moorfieldscr.com/terms-and-conditions>.

In accordance with the provisions of the General Data Protection Regulations the lawful basis for processing your personal data is in order to comply with my legal obligations set out in the Insolvency Legislation, the purpose of processing the data is to administer the insolvent estate. Your data will be retained by me for 6 years and 3 months following my vacation of office. Further details regarding how we process your personal data can be found in our Privacy policy located here: <https://www.moorfieldscr.com/privacy-policy>.

## **Ethics**

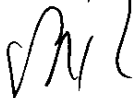
Finally, as an Insolvency Practitioner, when carrying out all professional work relating to my appointment as Joint Administrator I would confirm that I am bound by the Insolvency Code of Ethics. I can confirm that no threats to the Fundamental Principles exist.

If you have any queries regarding this report please contact Catherine Pittock of this office in the first instance.

Toys "R" Us Limited – In Administration  
Toys "R" Us Holdings Limited – In Administration  
Joint Administrators' Third Progress Report

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

For and on behalf of  
Toys 'R' Us Limited  
Toys 'R' Us Holdings Limited



**S R Thomas**  
**Joint Administrator**

DDI 0207 186 1188  
Fax 0207 186 1177  
Email [toysruscreditors@moorfieldscr.com](mailto:toysruscreditors@moorfieldscr.com)

Simon Thomas and Arron Kendall of Moorfields, 88 Wood Street, London EC2V 7QF were appointed Joint Administrators of the Companies on 28 February 2018. The Administrators now manage the affairs, business and property of the Companies. The Joint Administrators act as agents only and without personal liability.

**Toys "R" Us Limited (in Administration)****Statutory Information****Company Information**

Company Name	Toys "R" Us Limited
Company Number:	01809223
Registered Office:	88 Wood Street, London, EC2V 7QF Formerly: Cannon Place, 78 Cannon Street London EC4N 6AF
Trading Address:	Geoffrey House, Maidenhead Office Park, Westacott Way, Maidenhead, Berkshire
Principal Activity:	Retail sale of games and toys

**Appointment details**

Joint Administrators:	Simon Thomas and Arron Kendall (IP numbers 8920 & 16050)
Joint Administrators' address:	Moorfields, 88 Wood Street London EC2V 7QF
Date of appointment:	28 February, 2018
Court:	In the High Court of Justice - Business and Property Courts of England and Wales
Court Reference:	2018-CR-001695/2018
Appointed by:	The Court pursuant to an application by the Board of Directors
Functions:	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Joint Administrators acting jointly or alone.
EU Regulations:	The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EU regulation.
Extensions:	By court order it was resolved, in accordance with Paragraph 76(2) of Schedule B1 of the Act, that the Joint Administrators may extend the period of Administration until 28 February 2020.
Secured Creditors:	Wilmington Trustee National Association – Fixed Charge dated 14 December 2017 Wilmington Savings Fund Society – Fixed Charge dated 14 December 2017 Wilmington Trustee National Association – Fixed & Floating Charges dated 17 November 2017 Wilmington Savings Fund Society – Fixed & Floating Charges dated 17 November 2017

## Toys "R" Holdings Us Limited (in Administration)

### Statutory Information

#### Company Information

Company Number:	01826057
Registered Office:	88 Wood Street, London EC2V 7QF Formerly: Cannon Place, 78 Cannon Street London EC4N 6AF
Trading Address:	N/A
Principal Activity:	Head office

#### Appointment details

Joint Administrators:	Simon Thomas and Arron Kendall (IP numbers 8920 & 16050)
Joint Administrators' Address:	Moorfields, 88 Wood Street, London EC2V 7QF
Date of appointment:	28 February 2018
Court:	In the High Court of Justice - Business and Property Courts of England and Wales
Court Reference:	CR-001696/2018
Appointed by:	The Court pursuant to an application by the Board of Directors
Functions:	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Joint Administrators acting jointly or alone.
EC Regulations:	The Company's registered office is from where the Company carries on its business. Therefore, in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation.
Date Administration Order Extended to:	By court order it was resolved, in accordance with Paragraph 76(2) of Schedule B1 of the Act, that the Joint Administrators may extend the period of Administration until 28 February 2020.
Secured Creditors.	Wilmington Trustee National Association – Fixed Charge dated 14 December 2017 Wilmington Savings Fund Society – Fixed Charge dated 14 December 2017 Wilmington Trustee National Association – Fixed & Floating Charges dated 17 November 2017 Wilmington Savings Fund Society – Fixed & Floating Charges dated 17 November 2017



**Joint Administrators' Receipts & Payments for Opco**  
**For the period 28 February 2019 to 27 August 2019**

Statement of Affairs £	From 28/02/2019 To 27/08/2019 £	From 28/02/2018 To 27/08/2019 £
POST APPOINTMENT SALES		
Card Sales (First Data)	NIL	41,455,630.55
Cash Sales (Loomis)	NIL	8,721,441.08
Sale Discounts (DCR adjusted to cash)	NIL	1,591,004.40
Sales via Gift Card, TTTP & Credit Not	NIL	780,424.14
Services supplied to TRU Global	NIL	244,287.25
	<hr/> NIL	<hr/> 52,792,787.42
OTHER DIRECT COSTS		
Consignment Vendors - Cost of Sales	NIL	1,338,227.12
Direct Expenses	NIL	26,375.69
Direct Labour		
Payroll Costs	NIL	4,228,629.37
PAYE/NIC	NIL	975,089.91
Pension Contributions	(219.84)	147,560.87
Life Insurance Premiums	NIL	9,278.99
Sub-Contractors - Payroll	NIL	15,696.50
	<hr/> 219.84	<hr/> (6,740,858.45)
TRADING EXPENDITURE		
Call Centre Costs	103.92	16,597.37
Cleaning Services	NIL	195,453.54
Finance Costs	191,759.14	224,468.68
Freight Costs	NIL	3,817.30
Hire of Equipment	NIL	133,823.05
Insurance		
Asset Insurance	18,592.00	75,963.64
Building Reinstatement Cover	NIL	104,362.24
IP Royalties Payable	NIL	595,106.60
Lease/HP Payments	NIL	1,191.53
Logistics	NIL	187,573.06
Non-Cash Items		
Customer Goodwill (for VAT Purposes only)	NIL	429,915.95
Discounts given on Sales (for VAT Purposes only)	NIL	2,084,294.73
Packaging	NIL	3,857.00
Payroll Services	NIL	10,167.57
Postages	NIL	4,614.24
Ransom Payments	0.00	165,417.70
Rates	1,117,518.36	3,029,512.76
Rent and service charge	307,425.25	5,115,930.08
Repairs & Maintenance	NIL	11,257.75
Security	NIL	119,207.33
Stock/FF&E Consultant Fees	NIL	5,577,987.88
Sundry Expenses	NIL	3,842.22
Telephone	NIL	11,955.55
Utilities	294.16	820,962.34
Vehicle Running Costs	NIL	14,492.74
Waste Collection	NIL	58,039.35
	<hr/> (1,635,692.83)	<hr/> (18,999,812.20)
<b>TRADING SURPLUS/(DEFICIT)</b>	<hr/> <b>(1,635,472.99)</b> <hr/>	<hr/> <b>27,052,116.77</b> <hr/>

## Appendix II

Statement of Affairs £		From 28/02/2019 To 27/08/2019 £	From 28/02/2018 To 27/08/2019 £
	SECURED ASSETS		
	Bank Interest	2.84	2.84
1,000,000.00	Fixtures & Fittings	NIL	NIL
	Lease Premiums	NIL	15,000.00
Uncertain	Leasehold Land & Property	NIL	NIL
		2.84	15,002.84
	SECURED CREDITORS		
(35,741,521.00)	Wilmington Savings Fund Society	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Bank Interest Gross	68,744.35	220,853.10
	Bank Interest Gross 2	182.84	588.92
1,998,042.00	Book Debts (Pre-Appointment)		
	Institutional Sales	NIL	13,711.27
	3rd Party Shopping Vouchers and C	NIL	23,525.27
	Misc. Invoices	NIL	47,774.76
	Rates Refunds (Prepayments)	712,498.03	1,911,054.73
	Retro Rebates and Other Allowances	NIL	1,462,392.77
	Non-Merch Refunds	3.47	134,035.66
	Court Compensation and CRS	2,477.90	13,287.08
	Other	NIL	76,657.58
	Intercompany	NIL	260,010.64
	Rates Refunds (Overpayments via Hi	156,741.18	288,436.90
15,728,383.00	Cash at Bank and in Transit		
	TRU Holdings - Balance Transfer	NIL	307.52
	HSBC Cash Sales Account (...506)	NIL	82,322.91
	HSBC Card Sales Account (...379)	NIL	1,947,679.45
	HSBC AP/EP/Merch ( ...352)	NIL	12,161.41
	BBVA/PayPal/eBay/Global Payments	2,160.00	406,928.21
	HSBC Main Account (...359)	NIL	11,786,676.35
	Loomis	NIL	NIL
	Petty Cash	NIL	15,590.56
	First Data	32,107.28	263,884.65
	Company Credit Cards	NIL	NIL
	Cash in Transit (Loomis, FC, Store S	NIL	1,325,902.36
	HSBC Duty Bond	NIL	921,035.87
597,500.00	Furniture & Equipment	NIL	1,482,917.16
	Import Duty Overpayment	124,238.36	124,238.36
	Insurance Refund	NIL	186,347.14
NIL	Net Intercompany Debtors	NIL	NIL
262,850.00	Other Assets	NIL	NIL
	Post-app Book Debts		
	3rd Party Shopping Vouchers and C	237.71	159,243.68
	Misc. Invoices	NIL	48,526.59
290,231.00	Prepaid Expenses & other current ass	NIL	NIL
	Rent Receivable		
	Rent Refund	NIL	6,883.74
	Sub Tenant Rent (Invoiced and VAT	1,200.00	198,226.67
40,000,000.00	Stock	NIL	NIL
	Trading Surplus/(Deficit)	(1,635,472.99)	27,052,116.77
		(534,881.87)	50,473,318.08

## Appendix II

Statement of Affairs £	From 28/02/2019 To 27/08/2019 £	From 28/02/2018 To 27/08/2019 £
COST OF REALISATIONS		
Bank Charges	103.00	9,576.28
Communications Consultancy Fees	NIL	76,209.19
Consultancy Fees and Disbursements	42,496.09	873,482.22
Debt Collection Commission	NIL	84,132.53
Employee Consultancy Fees	NIL	83,780.00
Insurance Excess	NIL	250.00
Legal Fees & Disbursements	303,311.46	1,246,059.39
Office Holders' Cat 1 disbursements	NIL	56,004.25
Preparation of S. of A.	NIL	32,000.00
Property Agents' Fees	NIL	53,000.00
Rates Refund Commission	35,266.77	64,377.27
Redirection of Mail	NIL	1,014.00
Stationery & Postage	NIL	33,990.23
Statutory Advertising	NIL	84.60
Stock/FF&E Consultant Fees	NIL	391,517.83
Storage Costs/ Destruction of Co. Rec	16,323.37	159,150.24
Sundry Expenses	NIL	105.00
	(397,500.69)	(3,164,733.03)
PREFERENTIAL CREDITORS		
(1,272,717.00) Employee Holiday Pay Arrears	NIL	879,571.62
NI Contributions	NIL	155,228.00
PAYE	NIL	258,714.77
Pension Schemes	376.63	90,519.78
	(376.63)	(1,384,034.17)
FLOATING CHARGE CREDITORS		
Floating Charge Creditor	NIL	7,015,107.70
	NIL	(7,015,107.70)
UNSECURED CREDITORS		
(659,544,613.00) Contingent Creditor Claims re potential	NIL	NIL
(56,951.00) Customer Deposits	NIL	NIL
(8,424,921.00) Employees	NIL	NIL
(2,966,878.00) Gift Cards	NIL	NIL
(22,106,711.00) HM Revenue & Customs	NIL	NIL
(200,453,129.00) Landlord Claims	NIL	NIL
(101,051,693.00) Net Inter-group Creditors	NIL	NIL
(11,567,237.00) Other	NIL	NIL
(79,900,000.00) Pension Scheme Claim	NIL	NIL
(23,772,629.00) Trade & Expense Creditors	NIL	NIL
	NIL	NIL
DISTRIBUTIONS		
(100,000.00) Ordinary Shareholders	NIL	NIL
	NIL	NIL
(1,087,081,994.00)	(932,756.35)	38,924,446.02

## Appendix II

From 28/02/2018

To 27/08/2019

£

### REPRESENTED BY

Funds held by HSBC under Freezing Order:

HSBC Card Sales Account (...379)	9.29
HSBC AP(...352)EP(...387)Credit Card( ..492)	9,890.74
HSBC Main Account (...395)	1,041,277.56
HSBC Cash Sales Account	7,737,478.07

Funds held in Interest Bearing Accounts

Barclays Instant Access	24,963,463.31
Current Account (Fixed)	15,002.84
Current Account (Floating)	145,345.73
Santander 35day Dep maturing 03091	4,529,235.24
Santander current a/c	6,018.53

VAT (Payable)/Receivable

Fixed Ch Vat Receivable	58.74
Vat Control Account	337,424.86
Vat Payable	(1,813.32)
Vat Receivable	141,054.43

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**38,924,446.02**

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**Joint Administrators' Receipts & Payments for Holdco**  
**For the period 28 February 2019 to 27 August 2019**

Statement of Affairs £	From 28/02/2019 To 27/08/2019 £	From 28/02/2018 To 27/08/2019 £
ASSET REALISATIONS		
348.00 Bank Interest Gross	63.90	160.97
Cash & Cash Equivalents	NIL	NIL
Inter-Company Debt - TRU France	NIL	56,800.00
Surplus Carbon Credits	NIL	174,452.50
	<u>63.90</u>	<u>231,413.47</u>
COST OF REALISATIONS		
Consultancy Fees & Disbursements	36,294.20	36,294.20
	<u>(36,294.20)</u>	<u>(36,294.20)</u>
UNSECURED CREDITORS		
(695,286,134.00) Contingent Creditors	NIL	NIL
(8,396,650.00) HM Revenue & Customs	NIL	NIL
(336,542.00) Net Intercompany Creditors	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(181,285,480.00) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(885,304,458.00)</u>	<u><u>(36,230.30)</u></u>	<u><u>195,119.27</u></u>
REPRESENTED BY		
Bank 2 Current – Interest Bearing		194,369.86
Bank 2 Current – Interest Bearing		749.41
		<u><u>195,119.27</u></u>

**Opco's Post-Administration Time Costs Analysis  
For the Period 28 February 2019 to 27 August 2019**

Classification of Work Function	Total					Cumulative			
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Hours	Time Cost	Average Hourly Rate	Hours	Time Costs
Admin & Planning									
10 Case Planning	0.00	1.10	5.20	0.00	6.30	£1,969.00	£312.54	144.70	£38,808.50
1003 : Travel	0.00	0.00	0.80	0.00	0.80	£240.00	£300.00	202.20	£63,983.00
** 11 Administrative Set Up	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	2.50	£950.00
** 12 : Appointment Notification	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	14.50	£7,262.50
13 Maintenance of Records	0.00	0.00	3.40	0.00	3.40	£1,020.00	£300.00	144.00	£56,183.50
14 Statutory Reporting	6.15	10.45	81.10	0.00	97.70	£31,810.25	£325.59	355.00	£137,396.25
15 : Case Monitoring	1.50	0.00	7.30	0.00	8.80	£3,007.50	£341.76	218.10	£83,692.00
** 16 IPS Case Set Up	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.80	£436.00
17 General Administration	0.00	36.40	6.60	0.00	43.00	£15,798.50	£367.41	846.20	£204,348.50
18 Cashiering	6.50	4.00	21.10	29.40	61.00	£17,125.50	£280.75	670.15	£169,569.50
19 : Partner Review	1.50	0.00	0.00	0.00	1.50	£817.50	£545.00	243.00	£132,435.00
70 Post appoint VAT and CT returns	1.20	1.10	68.70	0.00	71.00	£21,515.50	£303.04	159.60	£47,822.50
	16.85	53.05	194.20	29.40	293.50	£93,303.75	£317.90	3,000.75	£942,887.25
Asset Realisation									
** 1061 : Sale of Share	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	7.50	£2,850.00
30 Freehold / Leasehold Property	4.20	237.50	4.30	0.00	246.00	£93,670.50	£380.77	1,378.40	£432,938.50
** 31 Plant and Machinery	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	29.90	£15,272.50
** 32 : Motor Vehicles	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	4.30	£1,530.00
** 33 Assets on Finance	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	15.20	£4,707.00
34 Debtors	1.70	27.60	1.40	0.00	30.70	£11,834.50	£385.49	266.07	£99,803.10
** 35 : Sale of Business	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	114.90	£34,426.00
36 : Identifying, Securing, Insuring	0.00	1.90	4.20	0.00	6.10	£1,982.00	£324.92	181.30	£66,554.50
** 37 : Retention of Title	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	18.70	£7,469.00
38 : Asset related legal Matters	15.80	14.30	1.00	0.00	31.10	£14,345.00	£461.25	370.90	£173,671.00
** 39 Stock	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	29.60	£12,257.50
47 : Intangible Assets - Intellectual Property, etc	0.30	0.00	0.00	0.00	0.30	£163.50	£545.00	40.60	£11,019.00
71 : Other Assets	0.00	1.80	1.30	0.00	3.10	£1,074.00	£346.45	41.30	£14,034.50
74 Realisation pension/endowment policies	0.00	0.00	0.10	0.00	0.10	£30.00	£300.00	0.10	£30.00
77 Managing Agent	0.30	0.00	0.00	0.00	0.30	£163.50	£545.00	8.30	£2,203.50
	22.30	283.10	12.30	0.00	317.70	£123,263.00	£387.99	2,507.07	£878,766.10
Case Specific Matters									
60 : Case Specific	12.50	0.00	0.00	0.00	12.50	£6,812.50	£545.00	456.40	£137,003.00
72 Legal Matters	133.90	11.90	603.85	31.20	780.85	£260,165.75	£333.18	908.75	£312,409.75
	146.40	11.90	603.85	31.20	793.35	£266,978.25	£336.52	1,365.15	£449,412.75

	Total						Cumulative			
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Hours	Time Cost		Average Hourly Rate	Hours	Time Costs
Classification of Work Function										
51 · Unsecured creditor claims	0.70	71.60	15.00	0.00	87.30	£32,089.50	£367.58	247.40	£83,898.50	
52 · Secured creditor claims/Reporting	50.80	0.00	5.80	0.00	56.60	£29,426.00	£519.89	108.80	£55,514.00	
** 55 Payment of dividends	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	9.30	£2,790.00	
** 56 Retention of Title	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	20.90	£6,750.50	
57 Employee creditor claims	0.20	0.00	17.90	0.00	18.10	£5,479.00	£302.71	605.60	£188,939.00	
** 59 Creditors meetings	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	4.00	£1,800.00	
63 · Secured creditor reports	8.50	2.20	8.20	0.00	18.90	£7,928.50	£419.50	122.90	£51,756.00	
** 73 · Preferential creditor claims	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	135.70	£41,604.50	
75 · s120 pension reporting	0.40	0.00	2.40	0.00	2.80	£938.00	£335.00	6.20	£1,703.00	
	61.10	143.00	67.30	0.00	271.40	£106,640.00	£392.93	1,504.60	£512,752.00	
Investigations										
** 20 SIP2 Review	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	187.10	£74,439.50	
** 21 CDDA Reports	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	12.50	£6,641.50	
22 · Antecedent Transactions	0.00	23.40	0.00	0.00	23.40	£10,530.00	£450.00	571.95	£255,050.50	
65 · Director's Correspondence	0.20	0.00	0.00	0.00	0.20	£109.00	£545.00	1.20	£334.00	
	0.20	23.40	0.00	0.00	23.60	£10,639.00	£450.81	772.75	£336,465.50	
Trading										
** 40 Management of Operations	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	2,572.49	£940,565.95	
41 Accounting for Trading	2.10	55.30	2.50	0.00	59.90	£22,841.00	£381.32	1,356.00	£505,673.00	
42 · On going employee issues	0.20	0.00	224.20	0.00	224.40	£67,369.00	£300.22	1,250.80	£392,184.50	
** 43 · Planning Trading	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	98.30	£41,337.50	
44 Negotiating with Customers	0.00	0.00	0.70	0.00	0.70	£210.00	£300.00	46.70	£11,422.00	
45 · Negotiating with Suppliers	0.00	0.70	1.60	0.00	2.30	£746.00	£324.35	53.30	£19,348.50	
** 46 Retention of Title	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	43.30	£15,761.00	
49 Tax on post appointment trading	0.00	0.00	0.30	0.00	0.30	£76.50	£255.00	107.40	£28,956.50	
	2.30	56.00	229.30	0.00	287.60	£91,242.50	£317.25	5,528.29	£1,955,248.95	
Total Hours	249.15	570.45	1,106.95	60.60	1,987.15	£693,211.00	£348.85	14,678.61	£5,075,532.55	

\*\* - Denotes codes included in cumulative data that are not present in the period.

**Holdco's Post-Administration Time Costs Analysis  
For the Period 28 February 2019 to 27 August 2019**

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Total		Cumulative
							Average Hourly Rate	Hours	Time Costs
<b>Admin &amp; Planning</b>									
10 Case Planning	0.50	0.00	3.00	0.00	3.50	£1,172.50	£335.00	3.90	£1,390.50
** 11 : Administrative Set Up	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.50	£112.50
** 12 Appointment Notification	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.60	£182.00
** 13 Maintenance of Records	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.90	£391.50
14 : Statutory Reporting	0.00	1.50	0.50	0.00	2.00	£720.00	£360.00	37.50	£15,462.50
15 : Case Monitoring	0.60	0.00	0.00	0.00	0.60	£327.00	£545.00	8.10	£3,337.00
** 16 : IPS Case Set Up	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.30	£163.50
** 17 : General Administration	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	4.10	£1,386.50
18 Cashiering	0.00	0.00	0.80	1.50	2.30	£532.50	£231.52	7.00	£1,852.50
** 19 : Partner Review	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	11.00	£5,995.00
70 Post appoint VAT and CT returns	0.00	0.00	0.50	0.00	0.50	£141.00	£282.00	12.30	£5,905.00
	<b>1.10</b>	<b>1.50</b>	<b>4.80</b>	<b>1.50</b>	<b>8.90</b>	<b>£2,893.00</b>	<b>£325.06</b>	<b>86.20</b>	<b>£36,178.50</b>
<b>Asset Realisation</b>									
** 30 : Freehold / Leasehold Property	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	2.00	£1,090.00
** 36 : Identifying, Securing, Insuring	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	1.00	£305.00
** 38 : Asset related legal Matters	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	1.10	£599.50
71 : Other Assets	0.00	0.00	0.10	0.00	0.10	£30.00	£300.00	39.60	£15,650.50
	<b>0.00</b>	<b>0.00</b>	<b>0.10</b>	<b>0.00</b>	<b>0.10</b>	<b>£30.00</b>	<b>£300.00</b>	<b>43.70</b>	<b>£17,645.00</b>
<b>Case Specific Matters</b>									
72 Legal Matters	2.10	0.00	30.55	5.00	37.65	£10,445.25	£277.43	37.65	£10,445.25
	<b>2.10</b>	<b>0.00</b>	<b>30.55</b>	<b>5.00</b>	<b>37.65</b>	<b>£10,445.25</b>	<b>£277.43</b>	<b>37.65</b>	<b>£10,445.25</b>
<b>Creditors</b>									
52 Secured creditor claims/Reporting	0.00	0.00	4.50	0.00	4.50	£1,147.50	£255.00	5.90	£1,844.50
	<b>0.00</b>	<b>0.00</b>	<b>4.50</b>	<b>0.00</b>	<b>4.50</b>	<b>£1,147.50</b>	<b>£255.00</b>	<b>5.90</b>	<b>£1,844.50</b>
<b>Investigations</b>									
** 21 CDDA Reports	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	3.30	£1,239.00
** 22 Antecedent Transactions	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	12.70	£6,921.50
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>16.00</b>	<b>£8,160.50</b>
<b>Trading</b>									
** 49 : Tax on post appointment trading	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00	0.70	£266.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>0.70</b>	<b>£266.00</b>
<b>Total Hours</b>	<b>3.20</b>	<b>1.50</b>	<b>39.95</b>	<b>6.50</b>	<b>51.15</b>	<b>£14,515.75</b>	<b>£283.79</b>	<b>190.15</b>	<b>£74,539.75</b>

\*\* - Denotes codes included in cumulative data that are not present in the period.



## **Toys "R" Us Limited**

### **Explanation of office-holders charging and disbursement recovery policies**

In accordance with best practice we provide below details of policies of Moorfields, in respect of fees and disbursements for work in relation to insolvency estates.

This summary outlines the activities undertaken during this matter to date together with details of charge out rates for time costs incurred and the basis of disbursements incurred and recharged.

The activities are summarised as follows:

#### Administration and planning

The following activities have been undertaken:

- Statutory duties associated with the appointment including the filing of relevant notices;
- Notification of the appointment to creditors, members, employees and other interested parties;
- Setting up of case files;
- Reviewing available information to determine the appropriate strategy;
- Opening, maintaining and managing the office holders' estate bank account;
- Implementing the strategy for the Administrations;
- Undertaking periodic reviews of the progress of the cases;
- Preparing and issuing progress reports to creditors and members;
- Filing returns at Companies House and the Court;
- Completion of statutory returns to the Insolvency Compliance Unit of the Department for Business Innovation and Skills.
- Liaising with the stakeholder pension scheme provider regarding allocation of contributions;
- Liaising with former Financial Director, PPF and pension agent regarding a previously undisclosed executive pension scheme;
- Preparing and filing VAT returns;
- Preparing, liaising with tax adviser and filing Corporation Tax returns;
- Making necessary PAYE submissions and adjustments to HMRC; and
- Arranging for the collection, storage and filing of the Companies' physical and electronic records.

Staff of different levels were involved in the above activities depending upon the experience required.

#### Realisation of assets

Appendix II shows the realisations made for the benefit of the creditors. In this case the assets belonging to the Company were as follows;

- Trading surplus (stock realisation)
- Various book debts and other receivables
- Prepayment refunds
- Fixtures, fittings and equipment
- Stock on the water
- Cash at bank and in transit
- Rent receivable from sub-tenants
- Lease premiums

- Intellectual property
- Inter-company debtors
- Claim for the overpayment of interchange fees
- Potential claim for the overpayment of import duty
- Carbon credits reclaim

The time spent includes the following matters:

- Arranging suitable insurance over assets and recovering refunds and settlements.
- Regularly monitoring the suitability and appropriateness of the insurance cover in place;
- Corresponding with debtors and attempting to collect outstanding book debts and prepayments;
- Liaising with consultants and solicitors regarding the collection of historic vendor allowances;
- Instructing Hilco regarding the recovery of rating and carbon credit overpayments.
- Liaising with banks regarding the closure of the accounts and transfer of credit balances;
- Instructing CBRE to value the leasehold properties and market them for sale;
- Liaising with GB regarding the realisation of fixtures, fittings and equipment;
- Liaising with K&E regarding inter-company debtors;
- Marketing the Companies' business and assets for sale as a going concern;
- Liaising with K&E and agents regarding the potential realisation of intellectual property;
- Instructing DLA to approach the Secured Creditors to release their securities as appropriate;
- Liaising with the Secured Creditors over the realisation of the assets subject to a mortgagee or other charge;
- Negotiations and dealing with issues around business rates and sub-tenant income;
- Liaising with solicitors regarding the progression of a claim for the overpayment of interchange fees to merchant services providers;
- Investigating the progression of a claim for the potential overpayment of historic import duty;
- Liaising with the pension scheme regarding contributions and transferred schemes; and
- Processing PAYE adjustments for the trading period at the at the request of HMRC

### Creditors

The time spent includes the following matters:

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the RPO.
- Corresponding with employees regarding their claims.
- Instructing Shoosmiths in relation to contentious employee matters.
- Liaising with ERA Solutions to assist with processing employee claims.
- Liaising with the TRU Group companies in respect of shared services and transition arrangements.
- Preparing for and effecting redundancies.
- Liaising with the RPO regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Liaising with Group companies to establish the inter-company creditor positions.
- Maintaining up to date creditor information on the case management system.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.

- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to Preferential Creditors.
- Paying tax deducted from the dividends paid to employees in respect of holiday pay.
- Undertaking a Decision Process with the Secured and Preferential Creditors.
- Secured Creditor reporting and production of regularly updated Estimate Outcome Statements at their and the Trustee's request.

#### Investigations and communications

The time spent includes the following matters:

- Recovering the books and records for the cases.
- Listing the books and records recovered.
- Collecting work mobile phones, laptops and any other hardware from the Directors and senior management staff and imaging contents.
- Preparing a report on the conduct of the Companies' Directors as required by the Company Directors Disqualification Act.
- Meetings and continued correspondence with the PPF to coordinate various investigations.
- Instructing Stephenson Harwood to assist with ongoing liaison with the PPF.
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as banks, accountants, solicitors, etc.
- Reviewing books and records to identify any transactions or actions the office holders may take against a third party in order to recover funds for the benefit of creditors.
- Ongoing work with Stephenson Harwood regarding the security review and subsequent S245 Directions Hearing and Discovery.

#### *Case Specific Matters*

- Legal matters relating specifically to the fee approval settlement requests with the secured creditors;
- Instructing and meeting Counsel regarding the issuing of the application to Court for fee approval;
- the production of the witness statements and preparing the necessary time schedule supporting documentation for the Court fee application; and
- Liaising with Kirkland & Ellis Solicitors regarding the witness statements and the filing of the Court application for fee approval.

#### **Time recording**

The Partners will engage managers and other staff to work on the insolvent estate and statutory compliance diaries. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the estate's bank accounts. Work carried out by all staff is subject to the overall supervision of the Partners.

All time spent by staff working directly on case related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time.

The current charge out rates per hour of staff within the firm who may be involved in working on the insolvency follows, this in no way implies that staff at all such grades will work on the case:

<b>GRADE</b>	<b>£</b>
Partner	545
Director/ Senior Manager	450
Manager	380
Assistant Manager	300
Senior Associate	255
Associate	225
Cashier	195

The rates charged by Moorfields are reviewed periodically in January & July each year and are adjusted to take account of inflation and the firm's overheads.

Our rates increased on 1 January 2018. The charge out rates per hour for the period from 1 January 2017 to 31 December 2017 were:

<b>GRADE</b>	<b>£</b>
Partner	530
Director/ Senior Manager	450
Manager	355
Assistant Manager	300
Senior Administrator	255
Administrator	195-225
Cashier	195

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time in units of 6 minutes.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time cost basis the time invoiced will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors, the report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by the fee request.

Approved remuneration will be drawn at such times that sufficient funds are available.

For your information, A Creditor's Guide to Administrators' Fees can be obtained at <http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-to-administrators-fees-england-and-wales-apr-10.pdf>

## **Disbursement Recovery**

### Category 1 Disbursements

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling, postage, photocopying if external provider, statutory advertising and other expenses made on behalf of the assignment.

Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

### Category 2 Disbursements

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Moorfields for the provision of services which include an element of recharged overhead, for example, room hire or document storage. SIP 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

The following Category 2 disbursements may be charged by this firm

- Stationery and postage charge for sending out circulars – 5 pence per sheet plus postage at cost.
- A set-up charge of £50 per case for online creditor reporting where applicable
- Mileage allowances are paid at HM Revenue & Customs approved rates. For personnel using their own vehicles, these are currently 45 pence per mile for the first 10,000 miles and 25 pence per mile thereafter.
- A charge of £10 for identification search's per director to comply with Money Laundering Regulations.
- A charge of £100 for FAME investigation searches.

It should be noted that disbursements costs might increase from time to time, however, increases would only be in line with inflation or increases from our supplier.