

AM10

Notice of administrator's progress report



Companies House

FRIDAY



A05 *A8AHTPUP* #429
26/07/2019
COMPANIES HOUSE

1 Company details

Company number 0 8 3 8 0 6 8 9

Company name in full H Retail Realisations Limited (formerly HMV Retail Limited)

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

2 Administrator's name

Full forename(s) Neil David

Surname Gostelow

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name ①

Full forename(s) David John

Surname Pike

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

5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) William James
Surname Wright

3 Insolvency practitioner's address

Building name/number 15 Canada Square
Street Canary Wharf
Post town London
County/Region
Postcode E 1 4 5 G L
Country

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	2	d	8	m	1	m	2	y	2	y	0	y	1	y	8
To date	d	2	d	7	m	0	m	6	y	2	y	0	y	1	y	9

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

[Handwritten Signature]

X

Signature date	d	2	d	4	m	0	m	7	y	2	y	0	y	1	y	9
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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 **James Rivers**

Company name **KPMG LLP**

Address **15 Canada Square**

Canary Wharf

Post town **London**

County/Region

Postcode **E 1 4 5 G L**

Country

DX

Telephone **Tel +44 (0) 20 7311 1000**



Checklist

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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

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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint
Administrators'
progress
report for the
period 28
December
2018 to 27
June 2019

H Retail Realisations Limited
(formerly HMV Retail Limited)
- in Administration

H Ecommerce Realisations
Limited (formerly HMV
Ecommerce Limited) – in
Administration

24 July 2019

Notice to creditors

This progress report provides an update on the administrations of H Retail Realisations Limited (in administration) ('Retail') and H Ecommerce Realisations Limited (in administration) ('Ecommerce') (together the Companies).

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for each administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following websites, <http://www.kpmg.co.uk/hmv-retail> and <http://www.kpmg.co.uk/hmv-ecommerce>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 7).

Contents

1	Executive summary	1
2	Strategy and progress to date	2
3	Dividend prospects and dividends paid	14
4	Other matters	15
5	Joint Administrators' remuneration, disbursements and pre-administration costs	15
6	Future strategy	17
Appendix 1	Statutory information for each Company	19
Appendix 2	Joint Administrators' receipts and payments account for each Company	21
Appendix 3	Schedule of expenses for each Company	27
Appendix 4	Joint Administrators' revised expenses estimate	30
Appendix 5	Joint Administrators' charging and disbursements policy	32
Appendix 6	Glossary	42
Appendix 7	Notice: About this report	44

1 Executive summary

- The Directors resolved on 28 December 2018 to appoint us as Joint Administrators for each of the Companies. The notice of appointment for each Company was lodged at High Court of Justice on 28 December 2018 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 27 June 2019 for Retail and Ecommerce.
- We delivered our statement of proposals ('proposals') to all known creditors on 25 February 2019. They were deemed approved without modification on 8 March 2019.
- Our immediate priorities on appointment were to gain the support of key stakeholders, including employees, landlords and major suppliers, such that we could continue to trade the businesses in administration whilst we explored the possibility of achieving a going concern sale of the businesses (Section 2 – Strategy and progress to date).
- As reported in our proposals, we sold most of the business and assets of the Companies to Sunrise Records & Entertainment Limited ("Sunrise") on 4 February 2019. Since then we have worked closely with Sunrise to work through post-completion and transitional matters (Section 2 - Strategy and progress to date).
- We have continued to realise assets excluded from the sale and conclude all post trading related matters (Section 2 - Strategy and progress to date).
- The secured creditors were owed £46.8 million (including balances owed by other group companies that are cross guaranteed by both Companies, but excluding non-cross guaranteed debt in the wider HMV Group) at the date of our appointment. Due to cross guarantees across the group, both Companies have equal secured obligations. We anticipate there will be a shortfall to them of £20 - £25 million, after taking into account all net realisations from the administrations of the Companies (Section 3 - Dividend prospects and dividends paid).
- Preferential creditors for each of the Companies will receive a dividend of 100p in the £ (Section 3 - Dividend prospects and dividends paid).
- We envisage a distribution will be made to the unsecured creditors of Retail by way of the Prescribed Part. However, we are not presently able to confirm the timing of any distribution. It is unclear whether there will be a distribution to the unsecured creditors of Ecommerce (Section 3 - Dividend prospects and dividends paid).
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Companies' creditors and can be found at <http://www.kpmg.co.uk/hmv-retail> and <http://www.kpmg.co.uk/hmv-ecommerce>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Neil Gostelow
Joint Administrator

2 Strategy and progress to date

This section updates you on our strategy for each of the administrations and on our progress to date. It follows the information provided in our proposals.

2.1 Strategy and progress to date

Strategy on appointment

In the lead up to and following our appointment we considered how we could achieve the purpose of each administration in accordance with the three part purpose set out in Paragraph 3 of Schedule B1 of the Insolvency Act 1986 ('Purpose').

We considered that there was a reasonable prospect of achieving the first or second part of the Purpose as set out in Paragraphs 3(1)(a) and 3(1)(b) by continuing to trade the Companies whilst we pursued a process to sell the businesses as a going concern for the best price.

As advised in our proposals, given that a sale of most of the business and assets of the Companies was completed rather than a sale of the shares, we believe that rescuing either of the Companies in accordance with Paragraph 3(1)(a) is no longer achievable and our primary objective is to continue to seek to achieve a better result for creditors of both Companies as a whole than would be likely if either Company were wound up in accordance with Paragraph 3(1)(b).

Our immediate priorities on appointment were to gain the support of key stakeholders, including employees, landlords and major suppliers, such that we could continue to trade the businesses in administration whilst we explored the possibility of achieving a going concern sale of the business.

Following the sale to Sunrise we have worked with them in relation to post-completion and transitional matters as well as ongoing matters relating to the Administrators' trading period. We also continue to realise the Companies' remaining assets.

An overview of the work we have undertaken, including our strategy in relation to the realisation of remaining assets, is set out below.

Trading matters

Overview

As previously reported, all 129 stores and the website continued to trade after our appointment and the operations at both the head offices and distribution centres continued under our control. The secured lenders made funding available in respect of trading.

The administration trading period was from the morning of 29 December 2018 to the close of business on 4 February 2019, when the sale of the business was deemed to have completed.

Matters relating to the trading period continue to be resolved, which primarily involves settling costs directly related to the trading period, including supplier invoices, rent and business rates costs.

The receipts and payments account at Appendix 2 currently shows a trading surplus of c.£4.4 million in Retail and c.£480,000 in Ecommerce. We expect this surplus to reduce as further trading costs are settled over the coming months. In Section 2.2 we set out the main trading receipts during the period covered by this report, and in Section 2.3 we set out the main trading costs during the period.

Stores

Of the 129 stores, 27 were not included in the sale that completed on 4 February 2019 and licences to occupy the 100 remaining stores were granted. Two stores had closed prior to completion of the sale.

As previously reported, upon completion of the sale of business we immediately took steps to surrender the leases on the 27 closed stores, and we engaged external agents to close the stores the day after the sale of business completed.

Of the 27 closed stores, 15 were subsequently reopened by Sunrise. These reopened following separate negotiations between Sunrise and the respective landlords, and did not involve the Joint Administrators.

Stock was left in the remaining 12 stores. As reported in our proposals, prior to the sale of business we had proactively sought any reasonable solutions for potential stock extractions in the event of total or partial closure, working with the major music and visual suppliers and the trade bodies representing the other audio and visual suppliers to Retail. No practical or financially viable stock repatriation solution could be found with regards to removing stock from closed stores prior to the sale of business.

However, in 11 of the remaining 12 closed stores, we understand that Sunrise reached agreements between themselves, the landlords and suppliers of consignment stock to remove the stock from these stores; we understand these clearances have now been completed. Stock remains in one of the stores.

Landlords have formally agreed surrender of the leases in three of the stores and we continue to seek formal agreement of surrender of the leases for the remaining nine stores.

Distribution centres

The Companies operated two distribution centres in Birmingham, Merlin Park and Electra Pack. The distribution centres did not form part of the sale of business transaction that completed on 4 February 2019.

Upon completion of the sale of business we immediately took steps to surrender the lease on Electra Park.

We continued to operate the distribution centre at Merlin Park for a period of 17 days to allow suppliers time to collect stock and equipment. We retained the employees to assist with this exercise, and we received a contribution from Sunrise towards the costs of keeping Merlin

Park open to enable them to collect stock on behalf of the suppliers. We took steps to surrender this lease on 21 February 2019.

On a without prejudice basis we assisted the managing agent of the Merlin Park landlord to open the distribution centre for one day on 30 May 2019 to allow for suppliers and equipment providers to collect stock that was owned by them at the date of the administration.

A significant amount of stock (c.96% by value of the stock that was in situ on 5 February 2019) was removed from Merlin Park during the period the warehouse was kept open.

Employees

As at the date of our proposals, 1,672 employees of Retail had transferred to Sunrise, with the remaining 454 employees having been made redundant. All 4 employees of Ecommerce transferred to Sunrise.

Since our last report we have assisted those Retail employees made redundant with their claims and provided information to the Redundancy Payments Office ('RPO') where required.

We will be formally agreeing preferential creditor claims and making a distribution to preferential creditors in due course (see Section 3.2).

Rent, utilities and business rates

Rent

As previously reported, we engaged PHD Property Advisory Limited ('PHD') as specialist agents to manage the payment of rent to landlords in respect of the trading period.

We continue to settle amounts outstanding for rent. Further to PHD's work we have settled rent for the trading period in respect of 109 stores. PHD are still awaiting certain information and correct invoices from the landlords of the remaining 20 stores to enable payments to be made.

Utilities

PHD have also been engaged to contact all the utility suppliers to Retail to confirm amounts due to them for the trading period and we have sent funds to PHD to settle these amounts once confirmed.

Based on Companies' information at the start of the trading period, c.74% of expected utilities costs for the trading period have been settled.

Business rates

As per our proposals, we have contacted all of the councils of the Retail stores to request rate rebates and to confirm the amounts due to them during the trading period.

To date we have received final invoices for business rates in respect of 92 stores, of which 77 have been settled and 15 are currently in the process of being amended by the relevant councils. We continue to settle invoices as we receive them and we continue to pursue the remaining councils to provide valid invoices for the trading period.

Stock suppliers

During the trading period, we received the support of major suppliers to facilitate ongoing trading in order to extend the window of opportunity to explore the sale of business options available. The support provided by these suppliers was a key factor in us being able to achieve the going concern sale.

Following completion of the trading period, we wrote to all suppliers to request that they provide us with invoices in respect of sales made throughout the trading period.

Invoices continue to be settled in respect of sales made and Sunrise provide assistance in validating the invoices provided.

Based on sales data, c.96% of stock by value has now been settled with suppliers in respect of the trading period. A small number of suppliers have not been paid due to invoicing issues that are in the process of being resolved between the Joint Administrators and the suppliers.

If you have provided services and have not yet provided an invoice, please contact hmvuk@kpmg.co.uk.

If we have sold stock during the administration period and you are entitled to raise an invoice but have not already done so please contact hmvsupplierinvoices@kpmg.co.uk

Banking, cash and merchant acquirer facilities

G4S

G4S were the cash collection provider for Retail at the date of our appointment. We came to an agreement with G4S to continue to provide cash collection services during the trading period.

We agreed with G4S that they would continue to supply cash collection services to Sunrise after the sale of business. We therefore continued to receive cash from G4S into the administration bank accounts (see Section 2.4).

This continued until May 2019, when Sunrise came to an agreement with another cash collection provider.

Worldpay

Worldpay continued to act as merchant acquirers in relation to card sales for both Retail and Ecommerce during the trading period.

Following the end of the trading period, Worldpay continue to withhold c.£0.8 million relating to sales made during and prior to the trading period.

This is in line with their general terms of business, and the process for these funds to be released commences after a six-month period from our date of appointment as Joint Administrators. We therefore anticipate these funds will be released for the benefit of Retail and Ecommerce during the next reporting period.

Other

American Express also provided merchant acquirer services in relation to card sales for Retail and Ecommerce.

PayPal provided merchant acquirer services for Ecommerce through the Ecommerce website.

All withheld cash balances have been received from American Express. PayPal continue to hold a small balance in respect of Ecommerce sales which we expect to be released in the next reporting period.

Intercompany trading mechanism

As previously reported, Retail supplied stock to Ecommerce for online sales made through the website. These stock transfers are made at the point of sale, and there will therefore be amounts due to Retail from Ecommerce in respect of sales made through the website during the administration trading period.

Similarly, we expect there to be amounts due to Ecommerce from Retail in respect of monies it received from Worldpay during the trading period that belong to Ecommerce.

Following receipt of the final Worldpay and PayPal balances referred to above, we will reconcile the intercompany trading position and make the appropriate net transfer between the two administration estates.

Other trading matters

Where services were required, we contacted the key IT and systems suppliers and ensured continued service during the trading period.

We also retained the services of a contractor who was previously employed by Retail to manage all maintenance issues in stores.

Following the trading period, we continue to settle invoices in relation to store maintenance and IT. The majority of these expected costs have now been settled.

Non-trading matters

Licences to occupy

As part of the sale of business transaction, Sunrise were granted temporary licences to occupy ('LTO') 100 of Retail's leasehold stores and the two head offices. Sunrise agreed to pay the Joint Administrators a weekly licence fee based on the expected costs of rent, service charge and insurance for the LTO properties.

The temporary licences allow Sunrise a period of occupation whilst negotiations are undertaken between them and the relevant landlords regarding the ongoing use of the premises. The licence fees have been collected and continue to be passed on to the relevant landlords.

This licence fee has reduced over time as Sunrise agree formal lease assignments with the landlords of the LTO properties.

To date, 38 Retail store leases have been assigned to Sunrise and five of the 100 LTO stores have closed. We understand that leases for 28 stores are currently in legal discussions regarding documentation and that discussions are ongoing in respect of the remaining 29 properties.

The LTO was initially granted to cover a period of occupation to July 2019. On other multi-site administrations (where a sale of the business has been achieved), we are aware of instances where the lease assignment programmes have taken up to 18 months to perfect. Whilst progress has been made in the assignment programme to date, it is in the interests of creditors generally for us to permit the programme for a further period to perfect permanent arrangements.

As such, the Joint Administrators have agreed and signed a further six-month extension of the LTO to 4 February 2020. We do not expect to extend these transitional arrangements any further.

This will allow lease assignment discussions/negotiations to complete between Sunrise and the landlords in the remaining LTO properties. This could reduce the chance of further store closures and therefore could reduce the level of claims received from landlords and rating authorities in the Retail administration, as well as be beneficial towards the position of consignment suppliers and employees.

Given that the likely exit route from administration will be dissolution, and that the administration is likely to be extended beyond 4 February 2020, we do not expect that the length of this extension would prejudice any creditors who will receive a distribution in the administration.

We have agreed a contribution from Sunrise towards the legal costs of the extension.

Royalties

We held discussions with the Performance Rights Society ('PRS') and the Mechanical Copyright Protection Society ('MCPS') regarding royalty payments on audio and visual stock that are due to MCPS from the audio and visual suppliers as a consequence of the sales made during the administration trading period.

Visa/Mastercard legal claim

During the period, we were made aware that the Companies were involved in ongoing class action legal cases against both Visa and Mastercard regarding historic interchange fees charged to the Companies.

We will continue to monitor progress of these legal cases. We are not yet in a position to confirm the certainty or quantum of any realisations in respect of this action at this stage.

2.2 Asset realisations

Realisations during the period for each Company are set out in the attached receipts and payments accounts (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Retail and Ecommerce

Sale of business

The majority of the consideration for the sale was deferred and apportioned as follows:

Sales consideration	£
Customer orders	1
Goodwill	1
Plant and equipment	1
Stock*	500,000
Vehicles	1
Leasehold properties	1
Transferred records	1
Online platform**	1
Cash float	335,086
Rent deposit	48,400
Total	883,493

**Whatever right title and interest we held in the non-consignment stock sold to Sunrise.*

***Owned by Ecommerce. Everything else owned by Retail.*

Note: The £1 received for the online platform is not showing in the Ecommerce receipts and payments account at present as funds have not yet been transferred from Retail. See Section 2.1 for more information on intercompany transfers

The consideration relating to stock and cash float was deferred consideration at the point of completion of the sale of business. This has now been received.

Trading account

The sales receipts in the receipts & payments account for Retail at Appendix 2 reflect the cash received from Worldpay and American Express (sales made on credit and debit cards) and cash sales in stores following cash collections made by G4S.

The sales receipts to date in the receipts & payments account for Ecommerce at Appendix 2 reflect the cash received from Worldpay (sales made on credit and debit cards on the website).

Receipts are not equal to the value of sales because of the volume of sales made by customers redeeming gift cards purchased pre-appointment. The Administrators have reconciled the receipts to date and will work with Worldpay and PayPal to recover the balance of sales receipts that remain outstanding. All cash from G4S and American Express has been received.

As mentioned above, we are in the process of making payments to suppliers in respect of stock sold and services provided during the trading period. We therefore expect the overall

surpluses shown on the trading receipts & payments accounts in Appendix 2 to reduce as these payments are made. We will provide an update in this regard in our next report.

Investigations

We are reviewing the affairs of the Companies to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessments for both Companies to the Department for Business, Energy and Industrial Strategy. The contents of our submissions are confidential.

Retail only

Cash at bank and in transit

As previously reported, cash at bank and available to Retail on appointment of c.£220,000 after deduction of fees reflects the balance of cash at accounts held with RBS (the Companies' primary trading bank accounts) to which Retail had access, and which was not controlled by any of the Companies' three Secured Creditors: PNC, 1846 Security Trustee Limited ('Security Trustee') or Goodmans Capital Investments ('Goodmans').

We have received £17.1 million from PNC (shown as £5.8 million from blocked accounts and £11.3 million of funding from lenders), which was covered by the security held by the Security Trustee and Goodmans, which was made available to us by the Secured Creditors to fund the administration. This receipt is shown as a floating charge realisation for Retail on the attached receipts and payments account at Appendix 2.

Cash in transit of £5.5 million relates to sales in the days leading up to our appointment as Joint Administrators. This primarily consists of cash and card sales that came into the pre-appointment RBS accounts following our appointment and were passed to the Joint Administrators. We also received cash from Worldpay in respect of pre-appointment sales.

Debtors

We have realised £794,000 of debtors during the period.

Retail had arrangements with a number of third party 'gift card' providers whereby Retail redeemed vouchers and received a monthly settlement from the provider. We have collected c.£325,000 of pre-appointment balances outstanding from these providers.

There are also a number of non-consignment suppliers who provided rebates and volume discounts that resulted in some debtor balances due. We have reconciled the accounts for these suppliers and collected c.£420,000 of outstanding debtor balances.

Other recoveries relate to other balances outstanding to Retail at the date of our appointment. We do not expect any further major debtor balances to be recovered.

License to occupy

We have received some £5.4 million from Sunrise in relation to the temporary licences granted to occupy 100 of Retail's leasehold store properties and the two head offices.

This continues to be passed onto landlords via our agents PHD. Please see Section 2.3 for information on the associated payments to landlords.

Cash float to stores

The cash float to stores receipt of c.£249,000 is offset by a corresponding payment of c.£257,000.

This relates to cash sent into and taken out of stores during the trading period to enable each Retail store to have a certain level of cash in their tills store each day to facilitate trading.

2.3 Costs

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

Summaries of the most significant payments made during the period are provided below.

Retail

Trading costs

Direct labour

Payroll costs for Retail staff in stores, head offices and the distribution centres of c.£4.2 million have been paid to date, representing salaries up to 4 February 2019 or 21 February 2019 for those working at the Merlin Park distribution centre.

This figure also includes PAYE, national insurance and pension contribution payments.

Stock

We have paid c.£6.6 million to suppliers in respect of consignment stock sold during the administration trading period, and c.£0.4 million in respect of non-consignment stock.

All invoices received by the Administrators are verified against the Companies' data on a sale by sale basis, and take into account the support provided by suppliers to enable trading to continue in the lead up to the sale of business.

As mentioned in Section 2.1, costs of goods sold have been paid by Retail in respect of stock sold through the Ecommerce platform, and this will be reimbursed between Retail and Ecommerce in due course.

We continue to settle supplier invoices as we receive them, and expect future costs in respect of both consignment and non-consignment stock to be c.£0.3 million.

Pre-appointment wages and salaries

We have paid c.£470,000 in respect of pre-appointment wages and salaries for the staff retained during the administration trading period. The majority of these payments related to the temporary seasonal staff employed during the Christmas trading period and who were required during the administration trading period.

Rent and business rates

Costs of c.£2.3 million have been paid in respect of rents and c.£0.8 million has been paid in respect of rates for stores, head office and distribution centres during the trading period. We

expect further costs of c.£1.6 million for rent, rates and service charge to be payable in relation to the trading period.

Cash float to stores

As mentioned above, the cash float to stores payment of c.£257,000 is offset by a corresponding receipt of cash floats from stores of c.£249,000.

Repairs and maintenance

We have currently paid c.£222,000 in respect of repairs and maintenance in stores during the trading period. This included costs to comply with health and safety requirements, as well as ensuring the continued running of the stores. The majority of these costs have been paid.

Ransom payments

We paid c.£119,000 to certain suppliers in order to ensure continuity of supply and enable the business to continue trading. These sums were paid on the basis that it preserved value to creditors by enabling us to trade and bridge to a sale of business. We do not expect any further ransom payments to be made.

IT supplies

We have paid IT costs of c.£114,000 to date. This includes costs to maintain servers, email, EPOS and stock data systems, as well as HR databases.

Other

Other costs incurred to date include outright purchases of non-consignment stock from certain suppliers of c.£48,000, utilities costs for the trading period of c.£268,000, fees of c.£118,000 paid to Worldpay for use of their merchant acquirer services, and hiring of subcontractors to assist us with the property and maintenance work streams, with c.£41,000 shown as subcontractors and c.£65,000 shown as professional fees.

Costs of realisations (non-trading costs)

Licence to occupy

As referred to in Section 2.2, we continue to pass on monies deducted from funds held on behalf of Sunrise to landlords in respect of ongoing rent. To date we have received c.£5.4 million from Sunrise under the terms of the LTO and have paid across c.£3.2 million to the landlords through our agents PHD.

Legal fees and disbursements

We engaged Howard Kennedy LLP ('Howard Kennedy') to advise on the sale of business to Sunrise, including negotiating the sale agreement. They also advised on our agreements with the major consignment stock suppliers.

We also engaged Howard Kennedy to provide advice relating to property matters, including arranging licences to occupy the Retail stores for Sunrise, and assisting with lease assignments once Sunrise agree terms with landlords. We have paid Howard Kennedy c.£228,000 to date for this advice.

We also engaged Addleshaw Goddard LLP ('Addleshaw') to provide legal advice to us during the administration. To date, we have sought and received advice relating to general trading matters throughout the trading period, including the surrender of store leases and closure of stores and distribution centres upon completion of the sale of business, and assistance in dealings with landlords of the closed stores.

Addleshaw also provided advice on royalty issues discussions with MCPS and PRS. We have paid £170,000 for this advice.

We have also engaged Eversheds Sutherland LLP ('Eversheds') and Carey Olsen (Guernsey) LLP ('Carey Olsen') to provide advice relating to similar property matters. We have paid Eversheds c.£6,000 and Carey Olsen c.£4,000 relating to this advice.

Agents'/Valuers' fees

We engaged Evolve IS to assist in the logging of preferential creditor claims, liaison with the RPO as well as assistance in communicating with employees during the trading period, and have paid c.£42,000 to date.

We have paid c.£51,000 to date to PHD in relation to their work on landlord payments during and after the trading period, as referred to previously.

We engaged European Valuations to assist with store closures following completion of the sale of business to Sunrise at a cost of c.£26,000.

Irrecoverable VAT

Irrecoverable VAT of c.£34,000 relates to VAT paid on non-consignment stock that is not able to be reclaimed from HMRC.

Ecommerce

Trading costs

Freight and carriage

Freight and carriage costs of c.£103,000 have been paid primarily to Royal Mail for delivery of goods ordered through the website during the Administrators' trading period.

IT supplies

In the period, costs of c.£61,000 have been paid for ongoing IT support that was essential for the running of the website during the trading period.

Other

We have paid costs of c.£10,700 for staff costs/expenses as well as £4,500 to certain suppliers as ransom payments in order to ensure continuity of supply and enable the business to continue trading. These ransom sums were paid on the basis that it preserved value to creditors by enabling us to trade and bridge to a sale of business.

Costs of realisations (non-trading costs)

Legal fees and disbursements

We engaged Addleshaw to provide legal advice to us during the administration. To date, we have sought and received advice relating to general trading matters.

We have paid c.£36,000 relating to this advice.

2.4 Sunrise receipts and payments

Following completion of the sale of business to Sunrise, we continued to receive monies into the Joint Administrators' bank accounts in respect of sales made after the administration trading period.

Sunrise were a newly registered UK entity and time was required to open new bank accounts and make arrangements with a new cash collection provider. Bank accounts were opened within a month of the sale completing, and the transition to a new cash collection provider was completed in late May 2019.

The Joint Administrators agreed to provide banking infrastructure to Sunrise to enable Sunrise to process transactions within the stores while they set up their own banking arrangements. By allowing Sunrise to use this infrastructure, they were able to seamlessly continue to trade in the stores following the sale of business. This reduced the risk of stores closing and being returned to the Joint Administrators, which would have increased claims in the administration from landlords and increased the costs associated with surrendering the leases on those stores.

As per the terms of the sale agreement, any costs due to the Administrators from Sunrise (e.g. certain IT costs that the Administrators paid in advance as part of the transitional arrangements and the initial licence to occupy fees) have been deducted from these sales receipts and cash collections before remittance to Sunrise. We are currently performing reconciliations on these receipts and payments to enable us to finalise the position with Sunrise.

The table below summarises the receipts and payments relating to Sunrise that can be found within the full receipts and payments account at Appendix 2. These receipts and payments do not form part of the Company's estate.

The Joint Administrators are no longer providing any banking infrastructure to Sunrise.

Category per Appendix 2	£
Sunrise gross sales receipts	35,673,894
Sunrise Ecomm gross sales receipts	2,052
Sunrise cash float from stores	703,513
Sunrise contribution towards costs	2,030,602
Payment to Sunrise	(31,728,232)
Payments on behalf of Sunrise	(5,930,559)
Sunrise cash float to store	(788,105)
Total	(36,834)

Sunrise gross sales receipts

Post completion of the sale of business, we collected c.£35.7 million of sales receipts into the Administrators' bank account on behalf of Sunrise until late May 2019.

Sunrise contribution to costs

This relates to reimbursement of payroll costs and Worldpay fees that the Joint Administrators paid in advance as part of the transitional arrangements with Sunrise.

We have received c.£2.0 million from Sunrise in this regard. No further direct contributions are expected from Sunrise as there are no further payments expected to be made on Sunrise's behalf by the Joint Administrators as part of the transitional arrangements.

Payments to Sunrise and payments on behalf of Sunrise

We have paid c.£31.7 million to Sunrise during the period, representing funds received on their behalf after the deduction of monies owed as described on the previous page.

Sunrise also instructed us to make business critical payments on their behalf from sales receipts received in the month following completion of the sale of business. These payments totalled c.£5.9 million.

Cash floats to and from stores

During the transition to a new cash collection provider we agreed to provide Sunrise with cash floats into stores. The amounts paid and received back all form part of the final reconciliation of funds due back to Sunrise.

2.5 Schedule of expenses

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

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid for Retail are provided below.

Legal fees and disbursements

We have incurred c.£103,000 of legal costs during the period that have not yet been invoiced. These costs have been incurred by Addleshaw and by Howard Kennedy.

Professional fees

We have incurred and not paid c.£46,000 of professional fees during the period. These costs primarily relate to services provided by PHD and have now been settled.

Stock

We have incurred and not paid c.£300,000 of costs in relation to consignment and non-consignment stock sales during the trading period.

Rent and business rates

We have incurred and not paid c.£1.0 million of costs in relation to rent and c.£0.6 million of costs in relation to business rates during the trading period. See Section 2.3 for more information.

Licence to occupy

As mentioned in Section 2.2 and Section 2.3, we have received c.£5.4 million of LTO fees from Sunrise, of which c.£3.2 million has been passed onto landlords through our agents PHD in respect of rent falling due after the trading period. The difference between amounts received and paid is included in expenses incurred but not paid in Appendix 3.

3 Dividend prospects and dividends paid

3.1 Secured creditors

As previously reported, the Secured Creditor position is as follows:

- The Security Trustee and Goodmans hold fixed and floating charge security over the assets of Retail, with the charges registered at Companies House on 5 April 2013 and relating to the acquisition and further advances.
- HUK 40 Limited holds fixed charge security over the assets of Ecommerce, with the charges registered at Companies House on 27 May 2015 and relating to further advances.

At the time of our appointment the secured creditors were owed a total of £46.8 million (including balances cross guaranteed in respect of other group companies but excluding non-cross guaranteed debt in the wider HMV group). There were cross guarantees in place across the Group which means that this amount is owed by both Companies.

Both Goodmans and HUK 40 Limited are financing vehicles originating from the 2013 transaction and further advances. Per their accounts, they are beneficially owned by Hilco Trading LLC in the USA.

The Companies had also granted a fixed charge to PNC. As referred to above, we have confirmed that no monies were outstanding to PNC at the time of our appointment.

We engaged Addleshaw Goddard, a firm of independent lawyers, who had no previous involvement with the Companies, to review the security held over the Companies, which they have since confirmed is valid.

During the period, we have distributed £20 million from the Retail administration estate to the Security Trustee for the first ranking charge-holder, all of which relates to floating charge realisations from Retail.

We have not made any distributions to secured creditors from Ecommerce.

The secured creditors are forecast to suffer a significant shortfall against their secured debt of £46.8 million.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

Based on current estimates, we anticipate that preferential creditors for both Retail and Ecommerce should receive a dividend of 100p in the £. We advise that we are in the process of agreeing preferential creditor claims and hope to make an announcement to preferential creditors on the timing of distributions in the near future.

The amount of preferential claims for Retail is currently estimated at c.£177,000. Preferential claims for Ecommerce are expected to be negligible.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors of Retail should receive a distribution by way of the Prescribed Part (see Appendix 1 for an explanation). The Prescribed Part is capped at the maximum of £600,000, before costs, and we expect that this will be available to the unsecured creditors of Retail.

Based on current estimates, it is uncertain whether the unsecured creditors of Ecommerce will receive a distribution. We will provide a further update in our next report.

4 Other matters

4.1 Change of registered name

Following the completion of the sale of business to Sunrise, HMV Retail Limited's registered name has been changed to H Retail Realisations Limited with effect from 27 March 2019.

In addition, HMV Ecommerce Limited's registered name has been changed to H Ecommerce Realisations Limited with effect from 13 April 2019.

5 Joint Administrators' remuneration, disbursements and pre-administration costs

5.1 Joint Administrators' remuneration and disbursements

For each of the Companies, we propose to seek approval from the secured and preferential creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in our proposals and the charge-out rates included in Appendix 5.

- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Should the circumstances of either administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of our remuneration and the drawing of Category 2 disbursements.

The Joint Administrators are finalising their fee position with the Secured creditors. Once we have agreed an indicative position with them we will seek the required approval from the preferential creditors. We will provide a further update in our next progress report.

Time costs

Retail

From the date of our appointment to 27 June 2019, we have incurred time costs of £2,258,353. These represent 5,991 hours at an average rate of £377 per hour.

Ecommerce

From the date of our appointment to 27 June 2019, we have incurred time costs of £80,036. These represent 205 hours at an average rate of £390 per hour.

Remuneration

During the period, we have not drawn any remuneration.

Disbursements

Retail

During the period, we have incurred disbursements of £25,262. None of these have yet been paid.

Ecommerce

During the period, we have incurred disbursements of £4,519. None of these have yet been paid.

Additional information

We have attached a revised expenses estimate for Retail at Appendix 4. Our estimated expenses have increased primarily because of payments made to Sunrise that do not form part of the estate. Other expenses have remained largely in line with the initial estimates set out in our proposals.

We have not attached a revised expenses estimate for Ecommerce as these have not changed since our proposals, nor do we currently expect them to exceed the initial estimate.

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 27 June 2019 for each Company. We have also attached our charging and disbursements policy.

5.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Pre-administration costs						
	Retail			Ecommerce		
	Paid (£)	Unpaid (£)	Total (£)	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	0	28,320	28,320	0	0	0
Addleshaw Goddard	0	22,712	22,712	0	6,200	6,200
Total	0	51,032	51,032	0	6,200	6,200

To date we have not taken steps to obtain approval for these pre-administration costs. We will seek approval for these costs from the secured and preferential creditors of each Company at the same time as we seek approval for our remuneration. We will provide an update in our next progress report.

6 Future strategy

6.1 Future conduct of the administrations

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

- realising the remaining assets of both of the Companies as set out in our strategy above;
- concluding the residual post sale matters with Sunrise;
- reconciling and finalising the trading position across both Companies;
- payment of the costs of each of the administrations, including the Joint Administrators' remuneration and expenses;
- agreeing preferential creditors' claims and paying a distribution to the preferential creditors of both Companies;
- continued oversight of the LTO properties during the extended licence period and assisting with lease assignments once agreed between Sunrise and landlords;
- agreeing unsecured creditors' claims and paying a distribution to the unsecured creditors of Retail and determining the position for unsecured creditors of Ecommerce;
- seeking approval from the secured and preferential creditors to an extension of the period of the administrations as the ongoing matters, summarised above, cannot be concluded prior to the present expiry of the administrations; and

- complying with ongoing statutory and compliance matters, including the submission of VAT and tax returns.

6.2 Future reporting

We will provide a further progress report within one month of 28 December 2019 or earlier if either of the administrations have been completed prior to that time.

Appendix 1 Statutory information for each Company

Retail

Company information	
Company and Trading name	H Retail Realisations Limited (formerly HMV Retail Limited)
Date of incorporation	29 January 2013
Company registration number	08380689
Trading address	80 New Bond Street, London, W1S 1SB
Previous registered office	80 New Bond Street, London, W1S 1SB
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL
Company Directors	Neil Alan Taylor Sally Wood Henry William Foster (a director of Hilco Capital Limited) Paul Patrick McGowan (a director of Hilco Capital Limited)
Company Secretary	Inca Lockhart-Ross (an employee of Hilco Capital Limited)

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, 011094 of 2018
Appointor	Directors
Date of appointment	28 December 2018
Joint Administrators	Neil Gostelow, David Pike and Will Wright
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	27 December 2019
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is c.£23 million The Prescribed Part is capped at the statutory maximum of £600,000
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations

Ecommerce

Company information

Company and Trading name	H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited)
Date of incorporation	20 November 2014
Company registration number	09321397
Trading address	80 New Bond Street, London, W1S 1SB
Previous registered office	80 New Bond Street, London, W1S 1SB
Present registered office	KPMG LLP, 15 Canada Square, Canary Wharf, London, Greater London, E14 5GL
Company Directors	Neil Alan Taylor Sally Wood Henry William Foster (a director of Hilco Capital Limited) Paul Patrick McGowan (a director of Hilco Capital Limited)
Company Secretary	Inca Lockhart-Ross (an employee of Hilco Capital Limited)

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 011102 of 2018
Appointor	Directors
Date of appointment	28 December 2018
Joint Administrators	Neil Gostelow, David Pike and Will Wright
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	27 December 2019
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property and estimated Prescribed Part is yet to be determined and will be confirmed in a future report
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 Joint Administrators' receipts and payments account for each Company

Retail

H Retail Realisations Limited (formerly HMV Retail Limited) - in Administration		
Trading accounts		
Statement of Affairs (£)	From 26/12/2016 To 27/06/2019 (£)	From 28/12/2018 To 27/06/2019 (£)
POST-APPOINTMENT SALES		
Cash float from stores	249,025.85	249,025.85
Net Credit Card Receipts	12,784,633.86	12,784,633.86
Net Cash Receipts	7,311,417.98	7,311,417.98
Gross Sales Receipts for Ecommerce	240,576.28	240,576.28
	<u>20,585,653.97</u>	<u>20,585,653.97</u>
PURCHASES		
Purchases	(48,088.38)	(48,088.38)
Purchases of consignment stock	(6,624,185.88)	(6,624,185.88)
Purchases of non-consignment stock	(408,697.30)	(408,697.30)
Cash Float to Stores	(257,245.00)	(257,245.00)
	<u>(7,338,216.56)</u>	<u>(7,338,216.56)</u>
OTHER DIRECT COSTS		
Direct labour, inc. PAYE & NIC	(4,206,527.35)	(4,206,527.35)
Sub contractors	(1,061.45)	(1,061.45)
Pre-appointment wages & salaries	(469,774.62)	(469,774.62)
	<u>(4,677,363.42)</u>	<u>(4,677,363.42)</u>
TRADING EXPENSES		
Sub contractors	(40,851.75)	(40,851.75)
Rent	(2,345,331.60)	(2,345,331.60)
Rates	(824,439.77)	(824,439.77)
Heat & light	(267,685.73)	(267,685.73)
Freight and carriage	(36,263.48)	(36,263.48)
Worldpay Fees	(118,207.79)	(118,207.79)
Insurance	(32,098.62)	(32,098.62)
Professional fees	(65,020.00)	(65,020.00)
HP/Leasing payments	(2,206.64)	(2,206.64)
Hire of equipment	(4,051.65)	(4,051.65)
Repairs and maintenance	(222,188.78)	(222,188.78)

H Retail Realisations Limited (formerly HMV Retail Limited) - in Administration			
Trading accounts			
Statement of Affairs (£)		From 26/12/2018 To 27/06/2019 (£)	From 26/12/2018 To 27/06/2019 (£)
	IT supplies	(113,755.88)	(113,755.88)
	Vehicle running costs	(485.30)	(485.30)
	Marketing & advertising	(23,814.67)	(23,814.67)
	Ransom payments	(118,840.29)	(118,840.29)
		(4,215,241.95)	(4,215,241.95)
	Trading surplus/(deficit)	4,354,832.04	4,354,832.04

H Retail Realisations Limited (formerly HMV Retail Limited) - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 26/12/2018 To 27/06/2019 (£)	From 26/12/2018 To 27/06/2019 (£)
	FIXED CHARGE CREDITORS		
(46,831,817.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Licence to occupy	5,370,045.76	5,370,045.76
	Leasehold property	1.00	1.00
	Customer orders	1.00	1.00
2,520,952.35	Plant, furniture & equipment	1.00	1.00
	Motor vehicles	1.00	1.00
	Sale of business - cash float	335,085.80	335,085.80
	Rent deposit	48,400.00	48,400.00
12,661,468.23	Debtors	794,388.13	794,388.13
	Cash in blocked account	5,807,246.11	5,807,246.11
	Sunrise gross sales receipts	35,673,894.09	35,673,894.09
	Sunrise Ecomm gross sales receipts	2,052.46	2,052.46
	Sunrise cash float from stores	703,513.46	703,513.46
	Cash advance by secured lender	11,342,174.87	11,342,174.87
	Sunrise contribution towards costs	2,030,602.16	2,030,602.16
240,443.62	Cash at bank	220,986.19	220,986.19
4,186,980.64	Cash In Transit	5,477,379.67	5,477,379.67
	Insurance refund	1,227.55	1,227.55
	Cash at Bank for Ecommerce	3,680.27	3,680.27
		67,810,680.52	67,810,680.52

H Retail Realisations Limited (formerly HMV Retail Limited) - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 28/12/2018 To 27/06/2019 (£)	From 28/12/2018 To 27/06/2019 (£)
OTHER REALISATIONS			
	Bank interest, gross	52,284.40	52,284.40
	Rates refunds	123,309.16	123,309.16
	Goodwill	1.00	1.00
	Sundry refunds	11,466.59	11,466.59
	Trading surplus/(deficit)	4,354,832.04	4,354,832.04
392,955.76	Computer hardware and software	NIL	NIL
3,722,188.38	Inventory	499,993.00	499,993.00
601,506.48	Tills and safes	NIL	NIL
5,531,670.95	Cash in charged blocked accounts	NIL	NIL
	Transferred records	1.00	1.00
		5,041,887.19	5,041,887.19
COST OF REALISATIONS			
	Licence to occupy - Rent	(3,216,634.43)	(3,216,634.43)
	Irrecoverable VAT	(34,315.82)	(34,315.82)
	Agents'/Valuers' fees	(37,913.43)	(37,913.43)
	Legal fees	(399,109.87)	(399,109.87)
	Legal disbursements	(6,999.20)	(6,999.20)
	Payment to Sunrise	(31,728,231.68)	(31,728,231.68)
	Payments on behalf of Sunrise	(5,930,559.10)	(5,930,559.10)
	Sunrise cash float to store	(788,105.00)	(788,105.00)
	Statutory advertising	(967.00)	(967.00)
	Bank charges	(3,262.50)	(3,262.50)
		(42,146,098.03)	(42,146,098.03)
PREFERENTIAL CREDITORS			
(1,259,536.34)	Employees' wage arrears	NIL	NIL
		NIL	NIL
FLOATING CHARGE CREDITORS			
	Floating charge	(20,000,000.00)	(20,000,000.00)
		(20,000,000.00)	(20,000,000.00)
UNSECURED CREDITORS			
(49,113,380.53)	Trade & expense	NIL	NIL
(9,489,649.69)	Employees	NIL	NIL
(4,172,065.85)	Intercompany creditors	NIL	NIL

H Retail Realisations Limited (formerly HMV Retail Limited) - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 28/12/2018 To 27/06/2019 (£)	From 28/12/2018 To 27/06/2019 (£)
(2,436,665.07)	Pre-paid consumer creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(83,444,949.07)		10,706,469.68	10,706,469.68
	REPRESENTED BY		
	Floating ch. VAT rec'able		2,628,545.96
	Floating charge current		9,971,276.31
	Floating ch. VAT payable		(4,807,198.96)
	Floating ch. VAT control		2,913,846.37
			10,706,469.68

Ecommerce

H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) – in Administration			
Trading accounts			
Statement of Affairs (£)		From 28/12/2018 To 27/06/2019 (£)	From 28/12/2018 To 27/06/2019 (£)
	POST-APPOINTMENT SALES		
	Credit card receipts	671,292.04	671,292.04
		<u>671,292.04</u>	<u>671,292.04</u>
	OTHER DIRECT COSTS		
	Direct labour, including PAYE & NIC	(10,733.54)	(10,733.54)
		<u>(10,733.54)</u>	<u>(10,733.54)</u>
	TRADING EXPENSES		
	Freight and carriage	(103,013.60)	(103,013.60)
	Telephone/Telex/Fax	(382.23)	(382.23)
	Worldpay Fees	(6,396.01)	(6,396.01)
	Insurance	(1,689.40)	(1,689.40)
	IT Supplies	(60,941.66)	(60,941.66)
	Advertising	(5,046.82)	(5,046.82)
	Ransom payments	(4,500.00)	(4,500.00)
		<u>(181,969.72)</u>	<u>(181,969.72)</u>
	Trading surplus/(deficit)	478,588.78	478,588.78

H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) – in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 28/12/2018 To 27/06/2019 (£)	From 28/12/2018 To 27/06/2019 (£)
	FIXED CHARGE CREDITORS		
(24,901,752.00)	Fixed charge creditor	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
15,374.09	Furniture & equipment	NIL	NIL
132,261.14	Computer hardware and software	NIL	NIL
	Sunrise gross sales receipts	117,314.52	117,314.52
4,143.71	Cash at bank	2,098.39	2,098.39
100,175.56	Cash in charged blocked accounts	NIL	NIL
59,234.60	Cash in transit	NIL	NIL

H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) - in Administration

Abstract of receipts & payments

Statement of affairs

From 28/12/2018 To 27/03/2019 (€)

From 28/12/2018 To 27/03/2019 (€)

		119,412.91	119,412.91
OTHER REALISATIONS			
	Bank interest, gross	1,340.89	1,340.89
	Sundry refunds	74.30	74.30
	Trading surplus/(deficit)	478,588.78	478,588.78
		480,003.97	480,003.97
COST OF REALISATIONS			
	Legal fees and disbursements	(35,519.98)	(35,519.98)
	Payments on behalf of Sunrise	(2,897.14)	(2,897.14)
	Statutory advertising	(71.00)	(71.00)
	Bank charges	(60.00)	(60.00)
		(38,548.12)	(38,548.12)
PREFERENTIAL CREDITORS			
(1,108.73)	Employees' wage arrears	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(2,037,749.93)	Trade & expense	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(26,629,422.56)		560,868.76	560,868.76
REPRESENTED BY			
	Floating ch. VAT rec'able		38,138.58
	Floating charge current		559,968.76
	Floating ch. VAT payable		(181,693.40)
	Floating ch. VAT control		144,454.82
			560,868.76

Appendix 3 Schedule of expenses for each Company

Retail

Schedule of expenses (28/12/2018 to 27/06/2019)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Purchases			
Purchases	48,088.38	0.00	48,088.38
Purchases of consignment stock	6,624,185.88	300,000.00	6,924,185.88
Purchases of non-consignment stock	408,697.30	5,290.46	413,987.76
Cash Float to Stores	257,245.00	0.00	257,245.00
Other direct costs			
Direct labour	4,206,527.35	14,179.53	4,220,706.88
Sub contractors	1,061.45	0.00	1,061.45
Pre-appointment wages & salaries	469,774.62	0.00	469,774.62
Trading expenses			
Sub contractors	40,851.75	0.00	40,851.75
Rent	2,345,331.60	997,138.40	3,342,470.00
Rates	824,439.77	619,797.23	1,444,237.00
Heat & light	267,685.73	92,357.27	360,043.00
Freight and carriage	36,263.48	0.00	36,263.48
Worldpay Fees	118,207.79	0.00	118,207.79
Insurance	32,098.62	0.00	32,098.62
Professional fees	65,020.00	45,659.70	110,679.70
HP/Leasing payments	2,206.64	0.00	2,206.64
Hire of equipment	4,051.65	0.00	4,051.65
Repairs and maintenance	222,188.78	0.00	222,188.78
IT supplies	113,755.88	33,155.54	146,911.42
Vehicle running costs	485.30	0.00	485.30
Marketing & advertising	23,814.67	0.00	23,814.67
Ransom payments	118,840.29	0.00	118,840.29
Cost of realisations			
Licence to occupy - Rent	3,216,634.43	2,153,411.33	5,370,045.76

Irrecoverable VAT	34,315.82	0.00	34,315.82
Joint Administrators' fees	0.00	2,258,353.10	2,258,353.10
Joint Administrators' disbursements	0.00	25,262.10	25,262.10
Agents'/Valuers' fees	37,913.43	0.00	37,913.43
Legal fees	399,109.87	100,000.00	499,109.87
Legal disbursements	6,999.20	2,500.00	9,499.20
Payment to Sunrise	31,728,231.68	0.00	31,728,231.68
Payments on behalf of Sunrise	5,930,559.10	0.00	5,930,559.10
Sunrise cash float to store	788,105.00	0.00	788,105.00
Statutory advertising	967.00	0.00	967.00
Bank charges	3,262.50	0.00	3,262.50
TOTAL	58,376,919.96	6,647,104.66	65,024,024.62

Ecommerce

Schedule of expenses (28/12/2018 to 27/06/2019)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Other direct costs			
Direct labour	10,733.54	0.00	10,733.54
Trading expenses			
Freight and carriage	103,013.60	0.00	103,013.60
Telephone/Telex/Fax	382.23	0.00	382.23
Worldpay Fees	6,396.01	0.00	6,396.01
Insurance	1,689.40	0.00	1,689.40
IT Supplies	60,941.66	0.00	60,941.66
Advertising	5,046.82	0.00	5,046.82
Ransom payments	4,500.00	0.00	4,500.00
Cost of realisations			
Joint Administrators' fees	0.00	80,035.50	80,035.50
Joint Administrators' disbursements	0.00	4,518.66	4,518.66
Legal fees and disbursements	35,519.98	2,500.00	38,019.98
Payments on behalf of Sunrise	2,897.14	0.00	2,897.14
Statutory advertising	71.00	0.00	71.00
Bank charges	60.00	0.00	60.00

TOTAL	231,251.38	87,054.16	318,305.54
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The Joint Administrators are entitled to receive remuneration for their services; pending agreement of the basis of the Joint Administrators' remuneration, it has been accrued on a time costs basis. Where appropriate, this will be adjusted once creditors have approved the basis.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors of the relevant Company (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors of the relevant Company (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to James Rivers at KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL.

Appendix 4 Joint Administrators' revised expenses estimate

Retail

Summary of Expenses from appointment					
Expense Category	Notes	Initial estimate	Paid to date	Estimated future costs	Total estimated costs
Cost of Goods Sold	1	6,977,426	7,080,972	300,000	7,380,972
Employees	2	4,303,494	4,676,302	50,000	4,726,302
Rents & Service Charge	3	3,144,879	2,345,330	997,138	3,342,470
Rates & Utilities	4	1,707,241	1,092,126	712,154	1,804,280
Logistics & Maintenance		303,673	258,452	45,221	303,673
IT and Telecoms		206,305	113,756	83,159	196,915
Marketing		85,475	23,815	5,000	28,815
Insurance		28,500	32,099	-	32,099
Licence to occupy – Rent	5	0	3,216,634	5,500,000	8,716,634
Sunrise payments	6	0	38,446,896	60,000	38,506,896
Other Costs	7	597,779	171,094	150,000	321,094
Ransom Payments and Cash Floats		378,835	376,085	-	376,085
Legal and Agent's Fees		1,050,000	509,043	540,957	1,050,000
Pre-appointment administrators' costs		28,230	-	28,230	28,230
Pre-appointment legal costs		22,712	-	22,712	22,712
Total		18,427,193	58,342,606	8,494,571	66,837,177

Note 1 – Cost of goods sold

When we submitted the proposals, we were still in the process of reconciling sales data from the trading period. As this sales information has become clearer, we have revised up our estimated costs of goods sold.

Note 2 – Employees

The estimated cost of direct labour has increased as a result of more complete information of costs that fell due during the trading period. This amount includes pre-appointment wages and salaries, which were paid at the start of the administration trading period.

Note 3 – Rents and service charge

This cost estimate has increased as a result of more complete information relating to the rents due during the trading period as a result of PHD's work liaising with the landlords.

Note 4 – Rates and utilities

This cost estimate has increased as a result of more complete information relating to the business rates and utility payments due during the trading period.

Note 5 – Licence to occupy - Rent

This represents sums paid to landlords in respect of rent following the trading period, and is offset by sums received from Sunrise in respect of licence to occupy fees.

When we submitted our proposals the level of licence to occupy payments to be made was not clear. However, an estimate has now been included.

Note 6 – Sunrise payments

When we submitted our proposals it was not clear whether or not any assistance would need to be provided to Sunrise in respect of cash and banking facilities. This is the primary driver behind the increase in our overall expenses estimate for Retail.

These receipts do not form an asset of the estate and, correspondingly, any payments made to Sunrise from these funds do not represent an expense of the administration.

Note 7 – Other costs

Other costs incurred during the administration primarily comprise fees paid or estimated to be paid to Worldpay for merchant acquirer services. They also include costs paid to subcontractors hired to assist with maintenance and property issues as well as the costs of consumables such as till rolls, shopping bags and other packaging items for use in the distribution centres.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to each of the administrations is by reference to the time properly given by us and our staff in attending to matters arising in the respective administration. This includes work undertaken in respect of tax, VAT, employee and pensions advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administrations to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact us c/o 15 Canada Square, London, E14 5GL or by email at hmvuk@kpmg.co.uk.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved with each of the administrations. Time is charged by reference to actual work carried out on each of the administrations; using a minimum time unit of six minutes.

All staff who have worked on the administrations, including cashiers and secretarial staff, have charged time directly to the relevant administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to either of the administrations but is reflected in the general level of charge-out rates.

Charge-out rates (£) for Restructuring:		
Grade	From 28 December 2019 £/hr	From 01 Jan 2019 £/hr
Partner	625	655
Director	560	590
Senior Manager	510	535
Manager	425	445
Senior Administrator	295	310
Administrator	215	225
Support	131	140

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of each of the administrations. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

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

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

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

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of Companies car – 60p per mile.
- Use of partner's car – 60p per mile.

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

We have incurred the following disbursements for each of the Companies from the date of our appointments to 27 June 2019.

Retail

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation		1,724.03		NIL	1,724.03
Courier & delivery costs		185.08		NIL	185.08
External printing		2,640.05		NIL	2,640.05
Meals		1,960.51		NIL	1,960.51
Mileage		NIL		92.34	92.34
Postage		12,888.14		NIL	12,888.14
Rates		11.00		NIL	11.00
Stationery		183.95		NIL	183.95

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Sundry		2,275.94		NIL	2,275.94
Telecommunications		213.32		NIL	213.32
Travel		3,087.74		NIL	3,087.74
Total		25,169.76		92.34	25,262.10

Ecommerce

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		10.92		NIL	10.92
External printing		2,249.24		NIL	2,249.24
Postage		2,012.50		NIL	2,012.50
Rates		11.00		NIL	11.00
Sundry		235.00		NIL	235.00
Total		4,518.66		NIL	4,518.66

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of either of the Companies.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 28 December 2018 to 27 June 2019

The key areas of work for the Companies have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; ■ issuing press releases and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategies, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategies and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategies and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointments, ■ reviewing matters affecting the outcome of each of the administrations; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content

	<ul style="list-style-type: none"> ■ of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing oral updates to, and meeting with, representatives of the secured creditors regarding the progress of the administrations and case strategies
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Companies' pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; ■ reviewing and processing employee expense requests, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Companies' records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Companies' pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by each of the administrations; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment, ■ responding to enquiries from shareholders regarding the administrations; ■ providing copies of statutory reports to the shareholders
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analyses of time incurred which is compliant with Statement of Insolvency Practice 9, ■ locating relevant books and records for the Companies, imaging the Companies' internal database to ensure Companies' books and records are electronically stored
Trading	<ul style="list-style-type: none"> ■ preparing cash flow statements to monitor the cash position and monitoring the trading models during the administration trading period; ■ tending to supplier and customer queries and correspondence; ■ meeting with management to monitor trading positions and deal with ad hoc trading queries; ■ raising, approving and monitoring purchase orders and setting up control systems for trading, ■ negotiating and making direct contact with suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ■ dealing with issues in relation to stock and other assets required for trading, ■ dealing with all maintenance requests in stores and ensuring compliance with health and safety regulations; ■ monitoring stock and stock reconciliations, ■ dealing with hauliers to ensure ongoing services; ■ arranging cash floats for the Retail stores; ■ contacting merchant acquirers and G4S to ensure banking arrangements for sales receipts were in place.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Companies' records regarding the assets, ■ liaising with finance companies in respect of assets subject to finance agreements; ■ engaging and liaising with agents regarding the sale of assets; ■ dealing with issues associated with the sale of stock, ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with Companies' credit control staff and communicating with debtors; ■ liaising with legal representatives regarding outstanding legal claims; ■ reviewing the inter-company debtor position between the Companies and other group companies.
Property matters	<ul style="list-style-type: none"> ■ reviewing Retail's leasehold properties, including review of leases; ■ communicating and negotiating with landlords regarding rent, property occupation and other issues during the administration trading period; ■ performing land registry searches, ■ managing licence to occupy payments and liaising with agents regarding same, ■ collection of licence to occupy fees from Sunrise

Sale of business	<ul style="list-style-type: none"> ■ planning the strategy for the sale of the business and assets of the Companies, including instruction and liaison with professional advisers; ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements; ■ collating relevant information and drafting information memorandum in relation to the sale of the Companies' business and assets and advertising the businesses for sale; ■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; ■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties; ■ carrying out sale negotiations with interested parties and finalising sale and purchase agreements.
Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administrations and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Companies' business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums
Employees	<ul style="list-style-type: none"> ■ notifying employees of the respective administrations, the Administrators' trading and sale of business strategy as soon as possible following appointment; ■ dealing with queries from employees regarding various matters relating to the administrations and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ electing employee representatives across the business and holding regular update meetings on progress of the administration and our strategy with these employees, sharing minutes of these meetings; ■ administering the Companies' payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; ■ communicating and corresponding with HM Revenue and Customs; ■ engaging agents to assist us with employee related matters, including the consultation process for employees of a store where the decision to close had been taken prior to administration; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the RPO; ■ managing claims from employees; ■ ensuring security of assets held by employees.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Companies' pension schemes; ■ calculating employee pension contributions and review of pre-appointment unpaid contributions; ■ ensuring compliance with our duties to issue statutory notices; ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment;
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ creating and updating the lists of unsecured creditors; ■ responding to enquiries from creditors regarding the administrations and submission of their claims; ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits; ■ agreeing the secured creditor's claim; ■ arranging distributions to the secured creditor; ■ drafting our progress report.
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing company and directorship searches and advising the directors of the effect of the administrations; ■ liaising with management to produce the Statements of Affairs and filing these documents with the Registrar of Companies; ■ reviewing the questionnaires submitted by the directors of the Companies; ■ reviewing pre-appointment transactions for each of the Companies; ■ submitting the online director conduct assessments for each of the Companies to the relevant authority

Time costs

Retail

SIP 9 –Time costs analysis (28/12/2018 to 27/06/2019)

	Hours	Time Cost (£) Hour	Average Rate (£)
Administration & planning			
Cashiering			
Fund management	7.20	2,778.00	385.83
General (Cashiering)	447.77	114,331.55	255.33
Reconciliations (& IPS accounting reviews)	81.90	26,411.00	322.48
General			
Books and records	143.00	52,440.00	366.71
Fees and WIP	3.60	1,116.00	310.00
Statutory and compliance			
Appointment and related formalities	15.80	6,520.00	412.66
Bonding & Cover Schedule	0.30	115.50	385.00
Budgets & Estimated outcome statements	23.20	11,279.00	486.16
Checklist & reviews	66.74	17,108.00	256.34
Reports to debenture holders	10.30	6,014.50	583.93
Statutory receipts and payments accounts	46.70	11,797.50	252.62
Strategy documents	76.90	29,756.00	386.94
Tax			
Initial reviews - CT and VAT	14.10	6,783.50	481.10
Post appointment corporation tax	32.00	14,465.00	452.03
Post appointment PAYE (Non Trading)	0.30	67.50	225.00
Post appointment VAT	76.80	39,161.50	509.92
Creditors			
Creditors and claims			
General correspondence	373.72	109,135.50	292.02
Legal claims	2.10	1,123.50	535.00
Notification of appointment	58.35	14,120.75	242.00
Payment of dividends	1.60	856.00	535.00
ROT Claims	3.00	675.00	225.00
Secured creditors	29.20	15,107.00	517.36
Statutory reports	102.35	48,914.75	477.92
Employees			
Correspondence	167.50	54,005.75	322.42

	Hours	Time Cost (£) Hourly Rate (£)	Average Rate (£)
Pensions reviews	1.80	447.50	248.61
Investigation			
Directors			
Correspondence with directors	10.90	2,566.50	235.46
D form drafting and submission	9.11	3,332.25	365.78
Directors' questionnaire / checklist	8.25	1,907.25	231.18
Statement of affairs	5.30	2,273.00	428.87
Investigations			
Correspondence re investigations	34.80	9,194.00	264.20
Review of pre-appt transactions	0.50	327.50	655.00
Realisation of assets			
Asset Realisation			
Cash and investments	18.70	8,640.00	462.03
Debtors	17.80	8,537.50	479.63
Freehold property	34.40	12,449.50	361.90
Health & safety	12.00	3,800.00	316.67
Insurance	32.80	7,764.50	236.72
Intellectual Property	2.00	620.00	310.00
Leasehold property	577.65	267,413.25	462.93
Other assets	13.80	7,249.00	525.29
Rent	116.00	36,410.00	313.88
Sale of business	480.03	236,519.25	492.72
Stock and WIP	182.50	79,379.50	434.96
Voluntary / 3rd Party contributions	1.50	210.00	140.00
Trading code used outside trading period			
Trading			
Cash & profit projections & strategy	263.91	124,464.25	471.62
Employee Matters / PAYE	23.00	12,096.00	525.91
Negotiations with customers	4.60	2,615.50	568.59
Negotiations with suppliers / landlords	717.67	282,177.75	393.19
Post trading related matters	507.43	175,486.80	345.83
Purchases and trading costs	599.83	142,900.25	238.23
Sales	68.50	26,277.50	383.61
Trading Management	461.72	219,211.75	474.77
Total in period	5,990.93	2,258,353.10	376.96

	Hours	Time Cost (£)	Average Hourly Rate (£)
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	5,990.93	2,258,353.10	
Carry forward time (appointment date to SIP 9 period end date)	5,990.93	2,258,353.10	

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 the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Ecommerce

SIP 9 –Time costs analysis (28/12/2018 to 27/06/2019)

	Hours	Time Cost (€)	Average Hourly Rate (€)
Administration & planning			
Cashiering			
General (Cashiering)	14.40	3,441.00	238.96
Reconciliations (& IPS accounting reviews)	1.80	585.50	325.28
General			
Fees and WIP	2.20	682.00	310.00
Statutory and compliance			
Appointment and related formalities	10.80	4,472.50	414.12
Bonding & Cover Schedule	0.20	62.00	310.00
Budgets & Estimated outcome statements	0.90	374.50	416.11
Checklist & reviews	2.80	958.00	342.14
Reports to debenture holders	0.60	321.00	535.00
Statutory receipts and payments accounts	0.20	45.00	225.00
Strategy documents	10.55	4,077.75	386.52
Tax			
Initial reviews - CT and VAT	3.30	1,450.50	439.55
Post appointment corporation tax	11.70	5,038.00	430.60
Post appointment VAT	14.70	5,867.00	399.12
Creditors			
Creditors and claims			
General correspondence	27.30	8,836.50	323.68
Notification of appointment	0.90	264.50	293.89
Secured creditors	0.90	279.00	310.00
Statutory reports	18.50	8,296.50	448.46
Employees			
Correspondence	4.40	1,364.00	310.00
Pensions reviews	1.10	247.50	225.00
Investigation			
Directors			
Correspondence with directors	1.40	434.00	310.00
D form drafting and submission	0.50	155.00	310.00
Directors' questionnaire / checklist	0.60	186.00	310.00
Statement of affairs	2.30	780.50	339.35
Investigations			

SIP 9 –Time costs analysis (28/12/2018 to 27/06/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Correspondence re investigations	0.20	107.00	535.00
Review of pre-appt transactions	0.50	327.50	655.00
Realisation of assets			
Asset Realisation			
Freehold property	0.70	217.00	310.00
Health & safety	0.70	284.50	406.43
Insurance	0.80	180.00	225.00
Leasehold property	2.50	562.50	225.00
Sale of business	33.30	16,100.00	483.48
Trading code used outside trading period			
Trading			
Employee Matters / PAYE	0.40	214.00	535.00
Negotiations with suppliers / landlords	23.05	8,434.75	365.93
Post trading related matters	1.10	371.50	337.73
Purchases and trading costs	3.50	1,932.50	552.14
Sales	2.90	1,267.00	436.90
Trading Management	3.40	1,819.00	535.00
Total in period	205.10	80,035.50	390.23

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	205.10	80,035.50
Carry forward time (appointment date to SIP 9 period end date)	205.10	80,035.50

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 the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Glossary

Addleshaw	Addleshaw Goddard LLP
American Express	American Express Payment Services Limited
Carey Olsen	Carey Olsen (Guernsey) LLP
Companies	H Retail Realisations Limited and H Ecommerce Realisations Limited – both in Administration
Ecommerce	H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) – in Administration
EPOS	Electronic Point of Sale
European Valuations	European Valuations Limited
Eversheds	Eversheds Sutherland LLP
G4S	G4S Plc
Goodmans	Goodmans Capital Investments Limited
Hilco Capital	Hilco Capital Limited
Howard Kennedy	Howard Kennedy LLP
HMRC	Her Majesty's Revenue and Customs
IP	Intellectual Property

Joint Administrators/we/our/us	Neil Gostelow, David Pike and Will Wright
KPMG	KPMG LLP
Management	The management of the Companies
MCPS	Mechanical Copyright Protection Society
PayPal	PayPal (Europe) S.à r.l. et Cie, S.C.A.
PHD	PHD Property Advisory Limited
PNC	PNC Business Credit, a trading style of PNC Financial Services UK Limited
PRS	Performance Rights Society
RBS	The Royal Bank of Scotland Group Plc
Retail	H Retail Realisations Limited (formerly HMV Retail Limited) – in Administration
Secured creditors	1846 Security Trustee Limited and Goodmans Capital Investments Limited (Retail); HUK 40 Limited (Ecommerce)
Sunrise	Sunrise Records & Entertainment Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Worldpay	Worldpay (UK) Limited

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by Neil Gostelow, David Pike and Will Wright, the Joint Administrators of H Retail Realisations Limited (formerly HMV Retail Limited) and H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) – both in Administration (the ‘Companies’), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administrations, 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.

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

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Neil David Gostelow, David John Pike and William James Wright are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

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