

# AM10

## Notice of administrator's progress report



Companies House

SATURDAY



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25/01/2020

#130

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.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

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



X

Signature date

d	2	d	3	m	0	m	1	y	2	y	0	y	2	y	0
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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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- ☐ The company name and number match the information held on the public Register.
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- ☐ You have signed the form.



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## 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. <sup>1</sup>  
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**  
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### 1 Appointment type

Tick to show the nature of the appointment:

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

<sup>1</sup> 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



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

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

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

23 January 2020

Deemed delivered: 27  
January 2020

# 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	2
2	Progress to date	3
3	Dividend prospects and dividends paid	9
4	Joint Administrators' remuneration, disbursements and pre-administration costs	10
5	Future strategy	12
Appendix 1	Statutory information for each Company	13
Appendix 2	Joint Administrators' receipts and payments account for each Company	15
Appendix 3	Joint Administrators' revised fee estimate for Retail	21
Appendix 4	Schedule of expenses for each Company	23
Appendix 5	Joint Administrators' charging and disbursements policy	26
Appendix 6	Glossary	33
Appendix 7	Notice: About this report	34

# 1 Executive summary

- This progress report covers the period from 28 June 2019 to 27 December 2019 for Retail and Ecommerce.
- As reported in our previous progress report, most of the business and assets of the Companies were sold to Sunrise Records & Entertainment Limited ('Sunrise') on 4 February 2019. We continue to work closely with Sunrise to work through transitional matters (Section 2 - Progress to date).
- We have continued to realise assets excluded from the sale and conclude all post trading related matters (Section 2 – Progress to date).
- At the date of appointment, the secured creditors were owed £46.8 million (including balances owed by other group Companies, but excluding non-cross guaranteed debt in the wider HMV Group). Due to cross guarantees across the group, both Companies have equal secured obligations. We anticipate there will be a shortfall to them of £21 - £24 million, after taking into account all net realisations from the administrations of the Companies (Section 3 - Dividend prospects and dividends paid).
- Preferential creditors of Retail will receive a dividend of 100p in the £. There are insufficient realisations to enable a distribution to the preferential creditors of Ecommerce (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 quantum or timing of the dividend. There are insufficient funds to enable a distribution to the unsecured creditors of Ecommerce (Section 3 - Dividend prospects and dividends paid).
- During the period, the Secured Creditors, together with the preferential creditors in respect of Retail, granted a 12 month extension to the period of both administrations.
- Please note: you should read this progress report in conjunction with our previous progress report and proposals issued to the Companies' creditors which 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 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 previous progress report.

### 2.1 Strategy and progress to date

#### Strategy

Please refer to our proposals and our first progress report for more information regarding our strategy on appointment.

In the period covered by this report we have continued to realise the Companies' remaining assets, we have worked with Sunrise to conclude all post sale related matters and we have made payments for liabilities incurred during the administration trading period.

We set out below an overview of the work we have undertaken, including our strategy in relation to ongoing matters.

#### Trading matters

As previously reported, all 129 stores and the website continued to trade after the administration appointments and the operations at both the head offices and distribution centres continued under our control. 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 business was contractually agreed to have completed.

We have continued to progress all trading related matters in this period with the intention of bringing them to a conclusion. This has primarily involved liaising with landlords regarding rent, councils regarding business rates and suppliers to obtain invoices covering the remaining sums due to them in respect of the trading period.

Further details of the payments made for both Companies are shown on the respective receipts and payments accounts at Appendix 2. These presently show a trading surplus of approx. £2.9 million in Retail and approx. £444,000 in Ecommerce. This surplus will reduce as further trading costs are settled.

The final trading position for Ecommerce is expected to be a deficit once the cost of sales incurred by Retail for stock sold through Ecommerce has been finalised and paid from Ecommerce to Retail.

#### Stores

As previously reported, 27 stores were not included in the sale of business that completed on 4 February 2019. Upon completion of the sale of business we immediately took steps to surrender the leases on these 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 further to separate agreements between Sunrise and the respective landlords. Of the 12 remaining closed stores, stock was cleared in 11 of them further to agreements between Sunrise, the landlords and consignment stock suppliers.

We continue to correspond with landlords with a view to reaching formal agreement to the surrender of the remaining leases.

#### Distribution centres

As previously reported, the Companies operated two distribution centres in Birmingham, Merlin Park and Electra Park. 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.

During the period, further to steps taken that were outlined in our first progress report, we formally agreed a surrender of the lease on Merlin Park.

#### Employees

As previously reported, 1,672 employees of Retail transferred to Sunrise as at the date of the sale of business, with the remaining 454 employees having been made redundant. All 4 employees of Ecommerce transferred to Sunrise.

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

In Retail, 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 121 stores. PHD are still awaiting certain information and correct invoices from the landlords of the remaining 8 stores to enable payments to be made.

##### *Utilities*

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

We do not believe there will be any further material utility payments to be made.

##### *Business rates*

We continue to liaise with the councils of the Retail stores to request rates rebates and to confirm and settle amounts due to them during the trading period.

To date we have received final invoices for business rates in respect of 117 stores, of which 103 have been settled and 14 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

As previously reported, 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.98% 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. If you have provided services or sold stock and have not yet provided an invoice, please contact [hmvuk@kpmg.co.uk](mailto:hmvuk@kpmg.co.uk).

#### Banking, cash and merchant acquirer facilities

##### *Worldpay*

Since our last progress report we have received approx. £91,000 from Worldpay, which represents the final amount due to the Companies. £0.7 million was received in the previous reporting period.

##### *Other*

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

They released the majority of the balance held (approx. £80,000) during the period, as shown on the receipts and payments account at Appendix 2. A small balance of approx. £1,500 remains due.

#### 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.

We are in the process of reconciling the intercompany trading position and making the appropriate net transfer between the two administration estates.

#### 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 remaining 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 licence fees received have reduced as Sunrise reach formal lease assignments with the landlords of the LTO properties. Where applicable, the licence fees have been collected and the rent continues to be paid to the applicable landlord.

As previously reported, we agreed to extend the initial period of the LTO to 4 February 2020 to allow Sunrise time to progress discussions with a number of landlords.

As at the end of the period covered by this report, 81 Retail store leases have been assigned to Sunrise and 9 of the initial 100 LTO stores have closed. We understand that leases for 10 stores are currently in legal discussions regarding documentation and that discussions are ongoing. We continue to work closely with Sunrise to ensure that these remaining 10 leases can be assigned to them prior to the expiry of the extended LTO period.

#### Visa/Mastercard legal claim

We continue to monitor progress of the legal cases the Companies are involved with. These are ongoing class action legal cases regarding historic interchange fees charged to the Companies, against both Visa and Mastercard.

We understand that court hearings are being held towards the end of January 2020; we will provide an update in our next progress report.

#### Tax

The Companies' corporation tax returns for all outstanding accounting periods up to and including the period ended 4 February 2019, the day on which both Companies ceased to trade, were prepared and submitted to HMRC.

Within the submission package, tax losses were surrendered by Retail to another HMV Group company not in administration, consideration for which is expected to be received in lieu of a part settlement of the Secured Creditors' claim against the Company.

We will provide an update in our next progress report.

#### Investigations

We have reviewed the affairs of both Companies to find out if there are any actions which can be taken against third parties to increase recoveries for creditors. No causes of action were identified.

## **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***

#### Cash at bank and in transit

We have realised c. £80,000 in Ecommerce from Paypal. As mentioned above, a small balance remains owing.

During the period we have also received approx. £91,000 from Worldpay in Retail in respect of monies previously withheld by them under their general terms of business.

#### Bank interest

During the period, approx. £31,000 has been received by Retail and approx. £2,000 has been received by Ecommerce in respect of bank interest on the administration accounts.

### ***Retail only***

#### Licence to occupy

During the period, we have received approx. £4 million from Sunrise in relation to the temporary licences granted to occupy Retail's leasehold properties. This covers the expected rent, service charge and landlord insurance.

Please see section 2.3 for information on the associated payments to landlords.

#### Insurance refund

In the period, approx. £143,000 was received in respect of an insurance refund.

#### Business rates refunds

We have received approx. £36,000 relating to pre-appointment business rates payments.

We have engaged Rating Solutions Limited to review, and challenge where appropriate, the pre-appointment rateable values of the stores with a view to recovering monies for the administration estate.

## **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

#### Rent and business rates

Costs of approx. £315,000 have been paid to landlords in respect of rent and approx. £251,000 has been paid to councils in respect of rates for stores during the trading period.

#### Purchase of consignment and non-consignment stock

We have paid approx. £151,000 to suppliers for the purchase of consignment stock and approx. £7,000 relating to non-consignment stock sold during the administration trading period.

#### IT supplies

We have paid IT costs of approx. £41,000 during the period relating to late invoices received for services provided during the trading period.

#### Heat and light

We have paid approx. £41,000 in respect of utilities during the trading period.

#### Sub-contractors

During the period, we have paid £20,000 to sub-contractors in respect of work undertaken during the trading period.

#### Cost of realisations (non-trading costs)

##### Rent/Licence to occupy

As advised in section 2.2, we continue to pay rent due to landlords as a result of the premises being occupied by Sunrise under the LTO.

In this period we paid rent of approx. £6.2 million to landlords through our agents, PHD.

Since commencement of the administration, we have received approx. £10.8 million from Sunrise under the terms of the LTO, of which to date approx. £9.4 million has been paid to the landlords through our agents, PHD.

#### Legal fees

We have paid Addleshaws approx. £63,000 in relation to legal advice received on various administration matters, including advice received in relation to dealings with landlords and property matters.

We also paid Eversheds approx. £5,000 and Howard Kennedy approx. £13,000, both for advice in relation to property matters.

#### Agents'/ Valuers' fees

We have paid approx. £69,000 to PHD in respect of rent management services provided by them.

### **Ecommerce**

#### Trading costs

##### IT Supplies

In the period, costs of approx. £26,000 have been paid for ongoing IT support that was essential for the running of the website during the trading period.

#### Cost of realisations (non-trading costs)

##### Legal fees and disbursements

During the period, we have paid legal fees of approx. £6,000 to Addleshaws for advice received on administration matters arising.

## **2.4 Sunrise receipts and payments**

Following completion of the sale of business, to help facilitate a smooth transfer of the business and to minimise the risk of stores closing, we agreed to provide a banking infrastructure to Sunrise whilst they set up their own banking arrangements. As part of this agreement, we continued to receive monies into the Joint Administrators' bank accounts in respect of sales made after the administration trading periods for each Company. Please refer to our previous reports for further details.

The receipts and payments relating to the agreement with Sunrise do not form part of the Companies' estates.

As previously advised, we are no longer providing any banking infrastructure to Sunrise. We concluded the reconciliation of these receipts and payments in the period, and made a payment on behalf of Sunrise of approx. £20,000 and paid the balancing sum owed of approx. £29,000 to Sunrise.

## **2.5 Schedule of expenses**

We have detailed the costs incurred during the period, whether paid or unpaid, in the attached schedule of expenses for each Company (Appendix 4).

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 £19,806 of legal costs during the period that have not yet been paid. These costs have been incurred by Howard Kennedy and Addleshaws.

### **Rent/Licence to occupy**

We have received funds from Sunrise regarding the LTO for onward payment, through our agents, to landlords for rent falling due after the period covered by this report. The difference between amounts received and paid is included in expenses incurred but not paid in Appendix 4.

# **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. For further details regarding the security, please refer to our previous reports.

During the period, we have distributed £1.4 million from Retail to the Security Trustee for the first ranking charge-holder, all of which relates to floating charge realisations.

There will not be any distributions to the secured creditors from Ecommerce as there are insufficient funds in this estate.

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

### **3.2 Preferential creditors**

We estimate the amount of preferential claims for Retail to be approx. £177,000. *Preferential claims for Ecommerce are negligible.*

Based on current estimates, we anticipate that preferential creditors of Retail should receive a dividend of 100p in the £. We envisage that a dividend to the preferential creditors will become available within the next six months.

There are no funds available to distribute to the preferential creditors in Ecommerce.

### **3.3 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors of Retail should receive a dividend. This dividend will be by way of the Prescribed Part which is capped at the maximum of £600,000, before costs, which we expect will be available to the unsecured creditors of Retail.

We will provide a further update in our next report.

Based on current estimates, there will not be a dividend to the unsecured creditors of Ecommerce.

## **4 Joint Administrators' remuneration, disbursements and pre-administration costs**

### **4.1 Joint Administrators' remuneration and disbursements**

As previously reported, we will reach agreement in relation to the Joint Administrators' fees with the Secured creditors prior to seeking formal approval from the preferential creditors in Retail. We expect to reach this agreement in the coming months.

We will provide a further update in our next progress report.



## Time costs

### *Retail*

From 28 June 2019 to 27 December 2019, we have incurred time costs of £293,604. These represent 883 hours at an average rate of £333 per hour.

### *Ecommerce*

From 28 June 2019 to 27 December 2019, we have incurred time costs of £31,553. These represent 78 hours at an average rate of £405 per hour.

## Remuneration

During the period, we have not drawn any remuneration.

## Disbursements

### *Retail*

During the period, we have incurred disbursements of £1,847. None of these have yet been paid.

### *Ecommerce*

No disbursements have been incurred during the period.

## Additional information

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 28 June 2019 to 27 December 2019. We have also attached our charging and disbursements policy.

## 4.2 Pre-administration costs

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

### *Retail*

Pre-administration costs					
	Disclosed unpaid costs (£)	Approved (£)	Paid in the previous period (£)	Paid in the period (£)	Outstanding (£)
KPMG fees	28,230	0	0	0	28,230
Addleshaw Goddard	22,712	0	0	0	22,712
<b>Total</b>	<b>51,032</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,032</b>

### *Ecommerce*

Pre-administration costs					
	Disclosed unpaid costs (£)	Approved (£)	Paid in the previous period (£)	Paid in the period (£)	Outstanding (£)
Addleshaw Goddard	6,200	0	0	0	6,200

<b>Total</b>	<b>6,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,200</b>
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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 (Retail only) of the Companies at the same time as we seek approval for our remuneration. We will provide an update in our next progress report.

## 5 Future strategy

### 5.1 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 Companies as set out in our strategy above;
- Finalising the trading position across both Companies;
- Payment of costs of each of the administrations, including the Joint Administrators' remuneration and expenses (once approved);
- Agreeing preferential creditors' claims and paying a distribution to the preferential creditors of Retail;
- Continued oversight of the final remaining LTO properties during the extended licence period and assisting with lease assignments once agreed between Sunrise and landlords (Retail only);
- Agreeing unsecured creditors' claims and paying a dividend to the unsecured creditors of Retail;
- Complying with ongoing statutory and compliance matters, including the submission of VAT and tax returns.

### 5.2 Extension of the administration

During the period the secured creditors of both companies and preferential creditors of Retail granted a 12 month extension to the period of each of the administrations.

The administrations are currently due to end on 27 December 2020.

### 5.3 Future reporting

We will provide a further progress report within one month of 27 June 2020 or earlier if either of the administrations have been completed prior to that time.

## Appendix 1      Statutory information

### ***Retail***

#### **Company information**

Company name	H Retail Realisations Limited (formerly HMV Retail Limited)
Date of incorporation	29 January 2013
Company registration number	08380689
Present registered office	KPMG LLP, 15 Canada Square, Canary Wharf, London, Greater London, E14 5GL

#### **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' details	Neil Gostelow, David Pike and Will Wright
Values of the Net Property and Prescribed Part	Net Property is approx. £29 million. The Prescribed Part is capped at the statutory maximum of £600,000. The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
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.
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 2020

## **Ecommerce**

### **Company information**

Company name	H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited)
Date of incorporation	20 November 2014
Company registration number	09321297
Present registered office	KPMG LLP, 15 Canada Square, Canary Wharf, London, Greater London, E14 5GL

### **Administration information**

Administration appointment	<i>The administration appointment granted in High Court of Justice, 011102 of 2018</i>
Appointor	Directors
Date of appointment	28 December 2018
Joint Administrators' details	Neil Gostelow, David Pike and Will Wright
Values of the Net Property and Prescribed Part	Net Property is £Nil. The Prescribed Part is not applicable. The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Prescribed Part distribution	The Prescribed Part is not applicable on the basis that there are insufficient net realisations.
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 2020

## Appendix 2 Joint Administrators' receipts and payments account

### Retail

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

##### Trading accounts

Statement of Affairs (£)	From 28/06/2019 To 27/12/2019 (£)	From 25/12/2018 To 27/12/2019 (£)
POST-APPOINTMENT SALES		
Cash float from stores	NIL	249,025.85
Net Credit Card Receipts	NIL	12,449,332.06
Net Cash Receipts	NIL	7,087,883.45
Gross Sales Receipts for Ecommerce	NIL	240,576.28
	NIL	20,026,817.64
PURCHASES		
Purchases	NIL	(48,088.38)
Purchases of consignment stock	(150,856.41)	(6,775,042.29)
Purchases of non-consignment stock	(6,742.61)	(415,439.91)
Cash Float to Stores	NIL	(257,245.00)
	(157,599.02)	(7,495,815.58)
OTHER DIRECT COSTS		
Direct labour, inc. PAYE & NIC	(14,179.53)	(4,220,106.88)
Pre-appointment wages & salaries	NIL	(469,774.62)
	(14,179.53)	(4,689,881.50)
TRADING EXPENSES		
Indirect labour	(720.00)	(720.00)
Sub contractors	(20,000.00)	(61,913.20)
Rent	(314,684.53)	(2,660,016.13)
Rates	(251,369.86)	(1,070,541.96)
Water rates	(109.73)	(109.73)
Heat & light	(40,647.52)	(308,333.25)
Freight and carriage	NIL	(36,263.48)
Worldpay Fees	(80.54)	(118,288.33)
Insurance	NIL	(32,098.62)
Professional fees	(3,484.00)	(68,504.00)
HP/Leasing payments	NIL	(2,206.64)
Hire of equipment	(5,791.46)	(9,843.11)
Repairs and maintenance	(55.00)	(222,243.78)
IT supplies	(40,895.56)	(154,651.44)

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

## Trading accounts

Statement of Affairs (£)	From 28/06/2019 To 27/12/2019 (£)	From 28/12/2018 To 27/12/2019 (£)
Vehicle running costs	NIL	(485.30)
Marketing & advertising	(7,272.68)	(31,087.35)
Ransom payments	NIL	(118,840.29)
	(685,110.88)	(4,896,146.61)
<b>Trading surplus/(deficit)</b>	<b>(856,889.43)</b>	<b>2,944,973.95</b>

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

## Abstract of receipts & payments

Statement of affairs (£)	From 28/06/2019 To 27/12/2019 (£)	From 28/12/2018 To 27/12/2019 (£)
FIXED CHARGE CREDITORS		
(46,831,817.00) Fixed charge creditor	NIL	NIL
	NIL	NIL
ASSET REALISATIONS		
Licence to occupy	4,076,156.12	9,788,098.92
Leasehold property	NIL	1.00
Customer orders	NIL	1.00
2,520,952.35 Plant, furniture & equipment	NIL	1.00
Motor vehicles	NIL	1.00
Sale of business - cash float	NIL	335,085.80
Rent deposit	NIL	48,400.00
12,661,468.23 Debtors	200.75	794,415.66
Cash in blocked account	NIL	5,807,246.11
Sunrise gross sales receipts	NIL	35,674,067.31
Sunrise Ecomm gross sales receipts	NIL	2,052.46
Sunrise cash float from stores	NIL	703,513.46
Cash advance by secured lender	NIL	11,342,174.87
Sunrise contribution towards costs	NIL	2,030,602.16
240,443.62 Cash at bank	NIL	220,986.19
4,186,980.64 Cash In Transit	91,064.93	5,568,444.60
Insurance refund	143,030.62	144,258.17
Cash at Bank for Ecommerce	NIL	3,680.27
	4,310,452.42	72,463,029.98
OTHER REALISATIONS		
Bank interest, gross	30,620.72	63,466.49

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

## Abstract of receipts & payments

Statement of affairs (£)		From 28/08/2019 To 27/12/2019 (£)	From 28/12/2018 To 27/12/2019 (£)
	Sunrise gross bank interest	NIL	19,438.63
	Rates refunds	35,565.61	158,874.77
	Goodwill	NIL	1.00
	Sundry refunds	409.29	11,875.88
	Trading surplus/(deficit)	(856,889.43)	2,944,973.95
392,955.76	Computer hardware and software	NIL	NIL
3,722,188.38	Inventory	NIL	499,993.00
601,506.48	Tills and safes	NIL	NIL
5,531,670.95	Cash in charged blocked accounts	NIL	NIL
	Transferred records	NIL	1.00
		(790,293.81)	3,698,624.72
	<b>COST OF REALISATIONS</b>		
	Licence to occupy - Rent	(6,210,544.76)	(9,427,179.19)
	Irrecoverable VAT	NIL	(34,315.82)
	Agents'/Valuers' fees	(83,931.55)	(121,844.98)
	Legal fees	(81,016.20)	(480,126.07)
	Legal disbursements	(66.00)	(7,065.20)
	Storage costs	(1,204.33)	(1,204.33)
	Payment to Sunrise	(28,654.39)	(32,098,783.11)
	Payments on behalf of Sunrise	(19,736.93)	(5,950,296.03)
	Sunrise cash float to store	NIL	(788,105.00)
	Statutory advertising	NIL	(967.00)
	Insurance of assets	(15,148.32)	(15,148.32)
	Bank charges	(750.00)	(4,012.50)
		(6,441,052.48)	(48,929,047.55)
	<b>PREFERENTIAL CREDITORS</b>		
(1,259,536.34)	Employees' wage arrears	NIL	NIL
		NIL	NIL
	<b>FLOATING CHARGE CREDITORS</b>		
	Floating charge	(1,400,000.00)	(21,400,000.00)
		(1,400,000.00)	(21,400,000.00)
	<b>UNSECURED CREDITORS</b>		
(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 28/06/2019 To 27/12/2019 (£)	From 28/12/2018 To 27/12/2019 (£)
(2,436,665.07)	Pre-paid consumer creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(83,444,949.07)</b>		<b>(4,320,893.87)</b>	<b>5,832,607.15</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		3,357,991.60
	Floating charge current		5,520,751.46
	Trade creditor		0.02
	Floating ch. VAT payable		(5,504,703.46)
	Floating ch. VAT control		2,458,567.53
			<b>5,832,607.15</b>

## Ecommerce

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

#### Trading accounts

Statement of Affairs (£)		From 28/06/2019 To 27/12/2019 (£)	From 28/12/2018 To 27/12/2019 (£)
	POST-APPOINTMENT SALES		
	Credit card receipts	NIL	667,638.71
		NIL	667,638.71
	OTHER DIRECT COSTS		
	Direct labour, including PAYE & NIC	NIL	(10,733.54)
		NIL	(10,733.54)
	TRADING EXPENSES		
	Freight and carriage	NIL	(103,013.60)
	Telephone/Telex/Fax	NIL	(382.23)
	Worldpay Fees	(4,322.01)	(10,718.02)
	Insurance	NIL	(1,689.40)
	IT Supplies	(26,064.75)	(87,006.41)
	Advertising	NIL	(5,046.82)
	Ransom payments	NIL	(4,500.00)
		(30,386.76)	(212,356.48)



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

### Trading accounts

Statement of Affairs (€)	From 28/06/2019 To 27/12/2019 (€)	From 28/12/2018 To 27/12/2019 (€)
<b>Trading surplus/(deficit)</b>	<b>(30,386.76)</b>	<b>444,548.69</b>

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

### Abstract of receipts & payments

Statement of affairs (€)	From 28/06/2019 To 27/12/2019 (€)	From 28/12/2018 To 27/12/2019 (€)
<b>FIXED CHARGE CREDITORS</b>		
(24,901,752.00) Fixed charge creditor	NIL	NIL
	NIL	NIL
<b>ASSET REALISATIONS</b>		
15,374.09 Furniture & equipment	NIL	NIL
132,261.14 Computer hardware and software	NIL	NIL
Sunrise gross sales receipts	NIL	120,990.82
4,143.71 Cash at bank	79,545.96	81,644.35
100,175.56 Cash in charged blocked accounts	NIL	NIL
59,234.60 Cash in transit	NIL	NIL
	79,545.96	202,635.17
<b>OTHER REALISATIONS</b>		
Bank interest, gross	2,009.06	2,759.67
Sunrise gross bank interest	NIL	590.28
Sundry refunds	NIL	51.33
Trading surplus/(deficit)	(30,386.76)	444,548.69
	(28,377.70)	447,949.97
<b>COST OF REALISATIONS</b>		
Irrecoverable VAT	NIL	(900.00)
Legal fees and disbursements	(6,200.00)	(41,719.98)
Payments on behalf of Sunrise	(2,992.05)	(5,889.19)
Statutory advertising	NIL	(71.00)
Insurance of assets	(27.73)	(27.73)
Bank charges	NIL	(60.00)
	(9,219.78)	(48,667.90)
<b>PREFERENTIAL CREDITORS</b>		
(1,108.73) Employees' wage arrears	NIL	NIL
	NIL	NIL
<b>UNSECURED CREDITORS</b>		

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

### Abstract of receipts & payments

Statement of affairs (£)		From 26/06 2019 To 27/12/2019 (£)	From 25/12/2018 To 27/12/2019 (£)
(2,037,749.93)	Trade & expense	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(26,629,422.56)</b>		<b>41,948.48</b>	<b>601,917.24</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		38,540.58
	Floating charge current		600,615.24
	Floating ch. VAT payable		(181,693.40)
	Floating ch. VAT control		144,454.82
			<b>601,917.24</b>

## Appendix 3 Joint Administrators' revised fee estimate for Retail

Narrative	Approved estimated time costs for the engagement				Additional estimated time costs for the engagement			
	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)		Additional estimated hours	Additional estimated time cost (£)	Additional estimated hourly rate (£)	Revised total estimated cost
<b>Administration &amp; Planning</b>								
<b>Cashiering -</b> processing receipts, payments and bank reconciliations	Note 1	397.97	114,298.05	287.20	151.03	32,665.65	267.69	146,963.70
<b>General -</b> books & records, fees & work in progress	Note 2	284.30	98,235.50	345.53	6.40	13,165.50	383.22	111,401.00
<b>Statutory and compliance -</b> appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	449.34	158,841.00	353.50	(-26.10)	3,327.50	383.16	162,166.50
<b>Tax -</b> VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	140.80	62,759.00	445.73	96.80	43,892.00	448.87	106,651.00
<b>Creditors</b>								
<b>Creditors and claims -</b> general correspondence, notification of appointment, statutory reports	Note 5	932.67	306,326.25	328.44	(-15.05)	12,739.25	846.46	319,065.50
<b>Employees -</b> correspondence	Note 6	197.75	65,451.50	330.98	(-6.45)	2,633.50	355.91	68,085.00
<b>Investigations</b>								
<b>Directors -</b> correspondence, statement of affairs, questionnaires	Note 7	68.86	22,924.50	332.91	(-35.30)	(-12,845.50)	300.33	10,079.00
<b>Investigations -</b> director conduct and affairs of the Company	Note 8	138.00	47,035.00	340.83	(-100.70)	(-36,893.50)	271.89	10,141.50
<b>Realisation of Assets</b>								
<b>Asset Realisation -</b> including insurance of assets	Note 9	1,337.83	590,965.25	441.73	489.55	197,452.25	431.45	788,417.50
<b>Trading</b>								
<b>Trading -</b> purchases, sales, cash projections	Note 10	2,314.08	932,122.75	402.80	855.10	209,688.10	360.29	1,141,810.85
<b>Total</b>		<b>6,261.60</b>	<b>2,398,958.80</b>	<b>383.12</b>	<b>1,415.28</b>	<b>465,824.75</b>	<b>373.17</b>	<b>2,864,783.55</b>

Below is further detail of the work to be undertaken for this engagement:

### Note 1

Cashiering costs, which include performing bank reconciliations and the day to day administration of the bank account have risen due to the higher than envisaged volume of transactions and the reconciliation work undertaken as part of the transitional matters with Sunrise continuing for longer than initially anticipated.

### Note 2

General time costs, which include matters such as securing books and records and maintaining files, are higher than initially indicated.

### **Note 3**

Our costs of undertaking statutory and compliance matters relating to Retail are slightly higher than our initial forecast as we continue to meet our statutory obligations and report to the secured creditors on the progress of the administration.

### **Note 4**

Our estimated costs for tax related work exceeds our forecast as we continue to ensure we submit all VAT and tax returns to HM Revenue and Customs.

### **Note 5**

Future work in relation to creditors includes agreeing preferential and unsecured creditor claims to enable us to distribute the funds available. This will be restricted to the maximum prescribed part of £600,000 for unsecured creditors.

We continue to respond to routine creditor queries as they arise and provide statutory progress reports to all creditors.

### **Note 6**

We forecast a modest increase in our overall costs for dealing with employees and employee related matters. We continue to assist Retail's former employees with their claim forms and other queries.

### **Note 7 and 8**

We have incurred lower than envisaged costs in relation to corresponding with directors regarding their statutory duties, completion of the Statement of Affairs and directors' questionnaires and our review into the affairs of the Company prior to administration.

No further work is envisaged in relation to these work streams.

### **Note 9**

Our overall work in relation to the sale of business process, including realising book debts and cash balances from banks and merchant acquirers has taken longer than initially envisaged, and accordingly our costs are higher than first estimated.

### **Note 10**

It has taken longer than previously anticipated to bring all trading related matters to a conclusion. As explained in this report we continue to reconcile and pay some trading related costs. This has had an impact on our overall costs for this aspect of our work, which are higher than first estimated.

**In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.**

## Appendix 4      Schedule of expenses

### *Retail*

Schedule of expenses (28/06/2019 to 27/12/2019)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Trading expenses</b>			
Sub contractors	20,000.00	0.00	<b>20,000.00</b>
Water rates	109.73	0.00	<b>109.73</b>
Worldpay Fees	80.54	0.00	<b>80.54</b>
Hire of equipment	5,791.46	0.00	<b>5,791.46</b>
Repairs and maintenance	55.00	0.00	<b>55.00</b>
Marketing & advertising	7,272.68	0.00	<b>7,272.68</b>
<b>Cost of realisations</b>			
Licence to occupy - Rent	3,620,213.02	221,416.96	<b>3,841,629.98</b>
Joint Administrators' fees	0.00	293,609.75	<b>293,609.75</b>
Joint Administrators' disbursements	0.00	1,846.85	<b>1,846.85</b>
Agents'/Valuers' fees	42,100.00	1,800.00	<b>43,900.00</b>
Legal fees	0.00	19,805.92	<b>19,805.92</b>
Storage costs	1,204.33	3,000.00	<b>4,204.33</b>
Payment to Sunrise	28,654.39	0.00	<b>28,654.39</b>
Rent	436,920.41	0.00	<b>436,920.41</b>
Rates	1,094.00	0.00	<b>1,094.00</b>
Insurance of assets	15,148.32	0.00	<b>15,148.32</b>
Bank charges	750.00	0.00	<b>750.00</b>
<b>TOTAL</b>	<b>4,179,393.87</b>	<b>541,479.48</b>	<b>4,720,873.36</b>

## Ecommerce

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

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Trading expenses</b>			
Worldpay Fees	4,322.01	0.00	<b>4,322.01</b>
IT Supplies	26,064.75	0.00	<b>26,064.75</b>
<b>Cost of realisations</b>			
Joint Administrators' remuneration	0.00	31,552.75	<b>31,552.75</b>
Legal fees and disbursements	3,700.00	0.00	<b>3,700.00</b>
Payments on behalf of Sunrise	2,992.05	0.00	<b>2,992.05</b>
Insurance of assets	27.73	0.00	<b>27.73</b>
<b>TOTAL</b>	<b>37,106.54</b>	<b>31,552.75</b>	<b>68,659.29</b>

Please note that there is a difference between the payments made during the period of £7,297,941.91 (Retail) and £39,606.54 (Ecommerce) (per the receipts and payments account) and the expenses incurred and paid in the period of £4,179,393.87 (Retail) and £37,106.54 (Ecommerce) (per the schedule of expenses). This is due to the fact that some of the payments made in the period for each Company relate to expenses incurred in a prior period.

Please note that the accrual for our remuneration has been based on time costs. This will be adjusted, where appropriate, when the basis of our remuneration is approved.

## 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 (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 (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 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](mailto: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 the administration but is reflected in the general level of charge-out rates.

Grade	From 01 Jan 2019 £/hr
Partner	655
Director	590
Senior Manager	535
Manager	445
Senior Administrator	310
Administrator	225
Support	140

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. 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 company 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 (excluding VAT) during the period 28 June 2019 to 27 December 2019 in relation to Retail. No disbursements were incurred in respect of Ecommerce.

### **Retail**

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	477.89		NIL		<b>477.89</b>
Meals	46.54		NIL		<b>46.54</b>
Mileage	NIL		28.16		<b>28.16</b>
Postage	821.82		NIL		<b>821.82</b>
Travel	472.44		NIL		<b>472.44</b>
<b>Total</b>	<b>1,818.69</b>		<b>28.16</b>		<b>1,846.85</b>

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

The Category 2 disbursements have not been approved.

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

The key areas of work for the Companies have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ posting information on a dedicated web page for each Company;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ obtaining approval from the Secured and preferential creditors (Retail only) of a 12-month extension of the administrations;</li> <li>■ dealing with all extension related formalities;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the respective administration strategy;</li> <li>■ briefing of our staff on the administration strategies and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointments;</li> <li>■ reviewing matters affecting the outcome of each of the administrations;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of the secured creditors regarding the progress of the administrations and case strategies.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ working initially on tax returns relating to the periods affected by the administrations;</li> <li>■ analysing VAT related transactions;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ responding to enquiries from shareholders regarding the administrations;</li> <li>■ providing copies of statutory reports to the shareholders.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ dealing with ongoing storage of Company books and records.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Companies records regarding the assets;</li> <li>■ liaising with finance companies in respect of assets subject to finance agreements;</li> <li>■ liaising with agents regarding the sale of assets;</li> <li>■ dealing with issues associated with the sale of stock;</li> <li>■ reviewing outstanding debtors and management of debt collection strategy;</li> <li>■ reviewing the inter-company debtor position between the Companies and other group companies.</li> </ul>
Property matters (Retail only)	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases;</li> <li>■ communicating with landlords regarding rent, property occupation and other issues;</li> <li>■ managing licence to occupy payments and liaising with agents regarding the same;</li> <li>■ collection of licence to occupy fees from Sunrise</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ liaising with the Health and Safety Executive regarding the administrations and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administrations and their employment;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> </ul>

	<ul style="list-style-type: none"> <li>■ communicating and corresponding with HM Revenue and Customs;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</li> <li>■ managing claims from employees.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ reviewing the Companies' pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ responding to enquiries from creditors regarding the administrations and submission of their claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records (Retail only);</li> <li>■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits;</li> <li>■ arranging distributions to the secured creditor (Retail only);</li> <li>■ drafting our progress report.</li> </ul>

## Time costs

### Retail

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

	Hours	Time Cost: (£) Hourly Rate (€)	Average Hourly Rate (€)
<b>Administration &amp; planning</b>			
Cashiering			
Fund management	15.60	4,836.00	310.00
General (Cashiering)	58.90	13,389.50	227.33
Reconciliations (& IPS accounting reviews)	11.70	2,556.00	218.46
General			
Books and records	0.70	374.50	535.00
Fees and WIP	6.10	1,903.50	312.05
Statutory and compliance			
Budgets & Estimated outcome statements	27.70	15,912.50	574.46
Checklist & reviews	14.50	3,857.50	266.03
Extension related formalities	1.80	963.00	535.00
Reports to debenture holders	3.40	2,011.00	591.47
Strategy documents	14.40	8,034.00	557.92
Tax			
Initial reviews - CT and VAT	0.20	107.00	535.00
Post appointment corporation tax	25.10	11,055.50	440.46
Post appointment VAT	39.30	16,328.00	415.47
<b>Creditors</b>			
Creditors and claims			
Agreement of preferential claims	0.60	267.00	445.00
General correspondence	51.20	16,167.00	315.76
Payment of dividends	0.80	428.00	535.00
ROT Claims	1.20	786.00	655.00

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

	Hours	Time Cost (£)	Average Hourly Rate (£)
Secured creditors	<b>8.70</b>	4,249.50	488.45
Statutory reports	<b>72.20</b>	34,817.00	482.23
<b>Employees</b>			
Correspondence	<b>12.50</b>	4,194.50	335.56
<b>Investigation</b>			
Investigations			
Mail redirection	<b>2.00</b>	620.00	310.00
<b>Realisation of assets</b>			
Asset Realisation			
Leasehold property	<b>231.00</b>	72,212.00	312.61
Other assets	<b>3.00</b>	1,447.50	482.50
Stock and WIP	<b>1.20</b>	721.00	600.83
<b>Trading</b>			
Employee Matters / PAYE	<b>0.30</b>	160.50	535.00
Negotiations with suppliers / landlords	<b>12.80</b>	6,105.50	476.99
Post trading related matters	<b>150.15</b>	44,112.75	293.79
Purchases and trading costs	<b>115.50</b>	25,987.50	225.00
<b>Total in period</b>	<b>882.55</b>	<b>293,603.75</b>	<b>332.68</b>

Brought forward time (appointment date to SIP 9 period start date)	5,989.93	2,258,128.10
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	882.55	293,603.75
Carry forward time (appointment date to SIP 9 period end date)	6,872.48	2,551,731.85

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 (28/06/2019 to 27/12/2019)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
Fund management	<b>6.10</b>	1,891.00	310.00
General (Cashiering)	<b>4.80</b>	1,071.50	223.23

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

	Hours	Time Cost (£)	Average Hourly Rate (£)
Reconciliations (& IPS accounting reviews)	0.60	169.00	281.67
<b>General</b>			
Fees and WIP	0.60	186.00	310.00
<b>Statutory and compliance</b>			
Budgets & Estimated outcome statements	2.60	1,320.00	507.69
Checklist & reviews	1.30	403.00	310.00
<i>Extension related formalities</i>	0.90	481.50	535.00
Reports to debenture holders	0.50	267.50	535.00
Strategy documents	4.00	2,140.00	535.00
<b>Tax</b>			
Initial reviews - CT and VAT	0.20	107.00	535.00
Post appointment corporation tax	8.85	3,728.25	421.27
Post appointment VAT	10.40	3,454.00	332.12
<b>Creditors</b>			
Creditors and claims			
General correspondence	5.30	1,617.50	305.19
Pre-appointment VAT / PAYE / CT	0.20	107.00	535.00
Secured creditors	0.70	262.00	374.29
Statutory reports	22.20	10,437.00	470.14
<b>Realisation of assets</b>			
Asset Realisation			
Cash and investments	0.90	481.50	535.00
Debtors	2.40	540.00	225.00
<b>Trading</b>			
Post trading related matters	3.60	1,926.00	535.00
<i>Purchases and trading costs</i>	1.80	963.00	535.00
<b>Total in period</b>	<b>77.95</b>	<b>31,552.75</b>	<b>404.78</b>
Brought forward time (appointment date to SIP 9 period start date)	205.10	80,035.50	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	77.95	31,552.75	
Carry forward time (appointment date to SIP 9 period end date)	283.05	111,588.25	

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

<b>Addleshaw</b>	Addleshaw Goddard LLP
<b>Companies</b>	H Retail Realisations Limited and H Ecommerce Realisations Limited – both in Administration
<b>Ecommerce</b>	H Ecommerce Realisations Limited (formerly HMV Ecommerce Limited) – in Administration
<b>Eversheds</b>	Eversheds Sutherland LLP
<b>Goodmans</b>	Goodmans Capital Investments Limited
<b>Howard Kennedy</b>	Howard Kennedy LLP
<b>Joint Administrators/we/our/us</b>	Neil Gostelow, David Pike and Will Wright
<b>KPMG</b>	KPMG LLP
<b>PayPal</b>	PayPal (Europe) S.à.r.L et Cie, S.C.A
<b>PHD</b>	PHD Property Advisory Limited
<b>Retail</b>	H Retail Realisations Limited (formerly HMV Retail Limited) – in Administration
<b>Secured creditors</b>	1846 Security Trustee Limited and Goodmans Capital Investments Limited (Retail);  HUK 40 Limited (Ecommerce)
<b>Sunrise</b>	Sunrise Records & Entertainment Limited

**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 'Company'), 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.

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

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.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

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

We are bound by the Insolvency Code of Ethics.

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



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