In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10

Notice of administrator's progress report

Companies House

FRIDAY

A6IXTH80
A14 10/11/2017 #215
COMPANIES HOUSE

1 Company details

Company number	0 5 8 3 7 5 2 7
Company name in full	HMV RETAIL NI STORES LIMITED

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

2 Administrator's name

Full forename(s)	PETER MICHAEL
Surname	ALLEN

3 Administrator's address

Building name/number	19
Street	BEDFORD STREET
Post town	BELFAST
County/Region	NORTHERN IRELAND
Postcode	B T 2 7 E J
Country	

4 Administrator's name ❶

Full forename(s)	
Surname	

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

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6 Period of progress report

From date	d1 d3	m0 m4	y2 y0 y1 y7
To date	d1 d2	m1 m0	y2 y0 y1 y7

7 Progress report

☐ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X X
Signature date	d0 d7 m1 m1 y2 y0 y1 y7

AM10
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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

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse
or email enquiries@companieshouse.gov.uk

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

Deloitte.

HMV Retail NI Stores Limited (Administration)("the Company")

Court Case No. 20631 of 2016
High Court of Justice, Chancery Division
Company Number: 05837527

Registered office: c/o 4 Brindley Place, Birmingham, Midlands, B2 2HZ

Progress Report to creditors for the period 13 April 2017 to 12 October 2017 pursuant to Rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules").

Peter Michael Allen was appointed Administrator of HMV Retail NI Stores Limited on 13 October 2016. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contracts without personal liability. The licensed Insolvency Practitioner of Deloitte (NI) Limited ("Deloitte") is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants of Scotland.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

7 November 2017

Contents

Contacts

Administrator of the Company

Peter Michael Allen

HMV Retail NI Stores Limited – in Administration

c/o 4 Brindley Place

Birmingham

Midlands

B2 2HZ

Contact Details

Mark Hillen

Email: mhillen@deloitte.ie

Tel: +44 (0)28 9592 3583

Key Messages

	Commentary
Purpose of administration	• The purpose of the administration will be to make a distribution to secured and, if applicable, preferential creditors.
Progress of administration	• Discussions continue in respect of the intercompany balances due to the Company and their recoverability. One of the balances, in the sum of £9,500, is irrecoverable as the debtor company has been dissolved. • During the period, the Administrator secured a rates refunds in the sum of £8,250.16.
Costs	• The basis on which the Administrator is to be remunerated has not yet been fixed. The Administrator intends to seek formal approval once the position in relation to the intercompany debtors has been finalised. Further detail can be found on page 7. • Disbursements of £185 have been incurred in the report period. • No third party costs (excluding bank fees) have been incurred in the report period.
Outstanding matters	• Finalisation of the position in relation to the intercompany balances due to the Company. • Formal approval of the Administrator's remuneration.
Dividend prospects	• Secured creditor – the secured creditor will not be repaid in full. • Preferential creditors – Company records indicate that there were no preferential creditors on appointment. • Unsecured creditors – it is unlikely that there will be a distribution to unsecured creditors, including via any Prescribed Part.
Extension to administration period	• As there are still outstanding matters in the Administration, the Administrator sought consent from the secured creditors to extend the period of Administration by one year. Approval was received and the Administration is now extended until 13 October 2018.

Progress of the administration
Summary

Progress of the administration

Assets

During the period, a rates refund was secured in the sum of £8,250.16.

The Statement of Affairs shows a realisable intercompany debtors amounting to £376,080. Based on initial investigations, it is unlikely that these balances will be recoverable. However, discussions are ongoing to resolve this matter.

Statutory tasks

During the period, the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature have been carried out:

- Statutory compliance – progress report, extension of the administration, filing documents, bonding, case reviews
- Correspondence – secured creditors, unsecured creditors, others
- Cashiering functions – account reconciliations, processing transactions

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors. Further work will be required in these categories during the rest of the engagement – ongoing monitoring and review, reporting to creditors, tax and VAT filings and closure work.

Director Conduct Report

The Administrator has complied with his statutory duty to report on the conduct of the Company's directors and has submitted a confidential report to the Insolvency Service.

Cost of the work done during the reporting period

The costs and expenses incurred during the report period are detailed below. Overall, the Administrator does not anticipate that the total costs and expenses will exceed the estimates provided in the Proposals.

- Legal Costs – I have not currently instructed any solicitors, however, should I be required to do so, information in regards to their remuneration will be provided in future reports.
- Case management system – in line with initial estimates, a sum of £185 has been incurred and paid as a disbursement to a third party provider in relation to the insolvency case management system.

All professional costs are reviewed and analysed in detail before payment is approved.

Progress of the administration
Receipts and payments

Administrator's receipts and payments account

13 April 2017 to 12 October 2017

£	SoA values	Notes	**Period**	**To date**
Receipts				
Cash at bank	*664*			370.52
Intercompany debts	*376,080*		-	-
Rates refund	-		8,250.16	8,250.16
Total receipts	*376,744*		**8,250.16**	**8,620.68**
Payments				
Bonding				230.00
Advertising				84.60
Bank charges			16.98	26.91
Total payments			**16.98**	**341.51**
Balance				**8,279.17**
Made up of:				
Balance held in bank account				8,279.17
VAT (Payable)/Receivable		1		-
Balance in hand				**8,279.17**

A receipts and payments account is provided, detailing the transactions in the Administration to 12 October 2017, and all transactions since the date of appointment.

Note 1 – all sums are shown net of VAT which is recoverable and will be accounted for to HM Revenue & Customs in due course.

The funds are held in a non-interest bearing account given the balance held.

Information for creditors
Outcome

Secured Creditors

The Directors' Statement of Affairs shows that, at the date of appointment, the following amount was owed to HUK40 Limited, the primary Secured Creditor ("the Secured Creditor"):

HUK 40 Limited - £1,466,687

This amount is secured by way of fixed and floating charges granted by the Company on 29 January 2016.

According to Companies House, the Company also has two further secured creditors, Filefigure 30 Limited ("Filefigure") and PNC Financial Services UK Limited ("PNC"). The Administrator understands from the Directors that Filefigure is no longer a secured creditor as its debt was assigned to HUK 40 Limited. Following discussions with the wider HMV group and PNC, PNC agreed to release its debenture and the Company's obligations to it and is therefore no longer a secured creditor.

Based on currently available information, the Administrator does not expect there will be sufficient asset realisations to repay the Secured Creditor in full.

Preferential creditors

Preferential creditors consist of amounts owed to the Company's employees for arrears of wages/salaries, holiday pay and pension contributions. The Administrator understands from the Company that there were no preferential creditors on appointment.

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

Any Prescribed Part dividend will be dependent on the final position in relation to the intercompany debt, but at this stage it is highly unlikely.

Unsecured creditors

The Directors' Statement of Affairs shows 10 unsecured creditors with estimated non-preferential claims totalling £994,979.

As detailed above, the Administrator does not anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors (other than any Prescribed Part distribution).

As there is no prospect of a distribution to unsecured creditors, the Administrator does not intend to undertake any work to agree any creditor claims received, as this work will be performed only once the dividend prospects are certain.

Extensions to the administration

Due to the outstanding issues, the Administration was extended for a period of one year with the approval of the Secured Creditor. As Filefigure is still listed as a secured creditor, consent was also received from them. The Administration is now due to end on 13 October 2018.

Exit

As there are unlikely to be funds available to distribute to the unsecured creditors, the Administrator considers dissolution to be the most appropriate exit route from Administration.

Remuneration and expenses
Administrator's remuneration and detailed information

Administrator's remuneration

"A Creditors' Guide to Remuneration" is available for download at

www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to us at the address on page 1 and this will be provided to you at no cost.

Basis of remuneration

The Administrator originally intended to request that the Secured Creditor fix the basis of his remuneration at a set amount of £20,000 plus VAT. As the Administration has had to be extended, this figure may need to be increased and this will be discussed with the Secured Creditor when approval is sought.

No remuneration has been drawn to date.

Disbursements

Category 1 disbursements

These are the Administrator's direct expenses and disbursements incurred to date (excluding VAT). The Administrator's Proposals estimated disbursements of £585. However, all costs to date have been paid from the estate rather than as a disbursement, therefore the revised table is as below.

Category 1 disbursements

£ (net)	**Value**	**Paid**	**Unpaid**
IP case management system	185	-	185
Total expenses	**185**	**-**	**185**

Category 2 disbursements

These are costs and expenses initially paid by the Administrator and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate and this will be requested from the Secured Creditor in due course. Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

No category 2 disbursements have been incurred to date.

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

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