



**The Jessop Group Limited – in Administration**

**High Court of Justice, Chancery Division,  
Companies Court  
Case No. 147 of 2013**

**Joint Administrators' proposals for achieving the  
purpose of administration**

**5 March 2013**

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## **Abbreviations used in this report:**

**“the Company”** – The Jessop Group Limited

**“the Administrators”** – Edward Williams, Robert Hunt and Matthew Hammond

**“IA86”** – Insolvency Act 1986

**“IR86”** – Insolvency rules 1986

**“HSBC” or “the Bank”** – HSBC Bank Plc

**“PPF”** – The Pension Protection Fund

**“PwC”** – PricewaterhouseCoopers LLP

**“ROT”** – Retention of title

**“Hilco”** – Hilco UK Ltd

**“The Group”** - Snap Equity Limited, The Jessop Group Limited and other subsidiaries

## 1. Purpose of this document

I wrote to all creditors on 21 January 2013 to explain that the Company had entered into Administration and that Robert Jonathan Hunt, Matthew David Hammond and I had been appointed as Administrators on 9 January 2013.

We were appointed as Administrators to manage the affairs, business and property of the Company. We will act until such time as our proposals for achieving the purpose of the Administration have been agreed by creditors and implemented, following which the Administration will be ended.

The purpose of administration is to achieve one of the following objectives:

- (a) Primarily, rescuing the Company as a going concern, or failing that;
- (b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or finally
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.


For the reasons detailed in this document, objective (b) is being pursued as it was not reasonably practical to rescue the Company as a going concern.

This document and its appendices form the Administrators' statement of proposals for achieving the purpose of administration as required by Paragraph 49 Schedule B1 of the Insolvency Act 1986 ("Sch.B1 IA86").

As detailed in Section 2, we have formed the view that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than, potentially, by virtue of the prescribed part as provided for by Section 176A IA86. Accordingly, by virtue of Paragraph 52(1) Sch.B1 IA86, a meeting of creditors is not being convened at this time. In accordance with Rule 2.33(5) of the IR86 our proposals will be deemed to have been approved by creditors unless a meeting of creditors is requisitioned in the prescribed manner by at least 10% in value of creditors within 8 business days of the date on which these proposals are circulated. We will write to creditors again after the expiry of this period to confirm the deemed approval of the proposals, or alternatively confirm that a meeting is to be held.

Please note that it was deemed in the best interest of creditors as a whole not to hold an initial meeting of creditors. The costs incurred in holding an initial meeting would be classed as an expense of the Administration and would be settled in priority to any distribution to unsecured creditors. This would reduce the possibility of there being a balance available to unsecured creditors.

If you have any concerns or questions regarding the background to this case or what is being proposed, please do not hesitate to contact the Jessops Helpline on 0113 289 4422, who will be happy to deal with your individual query.

  
Signed.....

Edward Williams  
Joint Administrator of the Company

*Edward Williams, Robert Jonathan Hunt and Matthew Hammond have been appointed as joint administrators of The Jessop Group Limited to manage its affairs, business and property as its agents without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.*

## 2. The Administrators' statement of proposals

### a. Brief history and summary of the Administrators' actions to date

#### Background

The Company is part of a group ("the Group") of over thirty companies, with the parent of the group being Snap Equity Limited ("Snap"). The other companies in the Group are currently not trading and do not have third party assets of significant value.

The Company was incorporated on 20 February 1973 as Jessop of Leicester Limited and had traditionally traded as a retailer of photographic equipment and provider of photograph processing services from specialist stores. On 1 March 1995 the Company changed its name to The Jessop Group Limited and the Group was at that time listed on the Stock Exchange.

In 2007 the Company began to suffer trading and financial difficulties which resulted in a re-financing and subsequently a debt for equity swap in 2009. As part of this arrangement, the group de-listed and ownership of the Company was transferred to Snap with HSBC, the Pension Protection Fund ("PPF") and the management team becoming the shareholders.

#### The circumstances giving rise to the Administrators' appointment

Following the financial restructuring in 2009, the Company continued to focus on adapting its business to suit the changing marketplace by investing in its online business and the accessories market. However, the environment remained challenging and the Group continued to make losses, as outlined below:

	Period from 2 January to 25 November 2012 Per management accounts	Year ended 1 January 2012 Per statutory accounts
Turnover	£194.9m	£236.7m
Loss before tax	£8.8m	£5.1m

The market showed a further decline in 2012 and it was apparent that further funding would be needed to allow the business to trade through 2013. Additionally, in late 2012, certain suppliers restricted the availability of credit to the Company and hence the funding need increased.

The directors engaged with the Company's funders and key suppliers with a view to securing additional funds and an agreement to allow the Company to trade throughout 2013 but no agreement could be reached.

In the absence of an agreement, the directors sought specific legal advice on theirs and the Company's position. Based on that advice, the directors concluded that in order to protect the value of the Company assets they should make an application to place the Company into Administration, following which the Administrators were appointed on 9 January 2013.

At the time of our appointment, the Company traded from 187 stores with an established and growing on-line business.

## **2. The Administrators' statement of proposals**

### **The manner in which the Company's affairs and business have been managed and financed**

#### **Trading/realisation of stock**

On appointment we immediately took control of the business. This included establishing communication with employees, customers, key suppliers, interested parties and media outlets through a variety of channels. Trading of all the stores continued in the short term whilst the possibility of securing longer term trading support and selling the business as a going concern was investigated.

We were aware that the majority of the stock held by the Company on appointment was likely to be subject to retention of title claims by suppliers and as such, not available to the Company. We were contacted by a number of suppliers who notified us of their claims and put us on notice not to deal in that stock. Despite extensive discussions with the key suppliers, an agreement could not be reached, with a number of suppliers removing the Company's licenses to sell their products and/or seeking return of their stock. Regrettably, with limited stock and no ongoing supplier agreements, we had no option but to cease trading on 11 January 2013 and announce the closure of the Company's stores.

We immediately instructed our agents to complete a store closure programme for the stores that were open at the date of our appointment. This programme included the collection of cash, sales information, photos, customer repairs and arranging the uplift of stock from all stores to a secure warehouse.

As the majority of the value of stock was subject to claims by suppliers under retention of title, we reviewed the claims and, as we considered appropriate, sought to negotiate settlements with suppliers for the return of such stock, securing contributions from suppliers towards the costs of that stock uplift programme.

The store and associated head office closure process has resulted in c.1,500 redundancies to date in the Administration. We have provided ongoing support to the former employees, consulting with Job Centre Plus and providing a helpline for employees to assist them with their claims and queries.

#### **Sale of assets**

We were contacted by over 130 parties interested in purchasing either parts of the Company or certain of its assets during the Administration. 36 parties were initially interested in a going concern acquisition and after provision of further information we received 10 indicative offers from interested parties. These offers focussed upon an acquisition of the brand, stock and chattel assets. 5 parties were selected to go to a second round, complete due diligence and submit best and final offers by 28 January 2013 on the basis that the closure of the stores had been completed.

On 30 January 2013 a sale of the remaining assets was completed to a series of companies set up as a joint venture by Peter Jones and Hilco, with a sale of the photo customer database to CEWE. Consideration of £1.4m was paid for the name and brands, website and domain names, intellectual property and customer databases. In addition, £0.15m was paid for residual stock (not subject to ROT) and £0.1m for various chattel assets held within the stores.

#### **Book debts**

At the date of our appointment the balance on the ledger was £2.9m. The debtors include retailers in respect of vouchers and business debtors with credit terms between 30 and 60 days. Book debt realisations to 20 February 2013 were £1.25m, and we estimate that debtor realisations will reach between £1.3m and £1.7m.

#### **Properties**

There were 213 properties at the date of our appointment, of which 3 were freehold properties and the remainder leasehold properties.

We have commenced the surrender process in respect of a number of the leasehold properties and have also marketed a number of leases to maximise premium values. As at 20 February we had exchanged

## **2. The Administrators' statement of proposals**

contracts on 7 leases with expected realisations of £0.45m. We have received expressions of interest for other leasehold sites and will progress these in order to achieve best value for the Administration.

We have undertaken discussions with agents regarding the freehold properties and will look to formulate a strategy with regards to marketing and sale of these assets following the clearance of the sites. It is not possible to disclose values in respect of these properties due to the commercial sensitivity of the information.

### **Chattels, fixtures and fittings**

Other assets included some high specification photo labs and chattel and have realised £0.1m to date and further small realisations are expected.

### **Pre-Administration costs**

Prior to our appointment, but with a view to the Company entering Administration, we spent 56.45 hours, on strategy, planning and assessments of the Company's position leading up to our appointment as Administrators. At our firm's normal charge out rates this would equate to £23,104.25.

The work undertaken prior to our appointment included:

- Meetings with the directors leading up to the appointment;
- Appointment acceptance procedures;
- Risk, client acceptance and internal checks;
- Meetings with funders;
- Reviewing and signing the relevant Administration appointment forms.

In addition, the Company's solicitors (Ashursts LLP), had outstanding time costs and expenses of £24,000 including VAT. Their time was spent in relation to the following:

- Reviewing previous security review and updating searches;
- Reviewing company searches, completing internal checks including a winding up search;
- Reviewing articles and memorandum;
- Liaising with the Company directors;
- Various forms of correspondence with proposed appointees, PPF, stakeholders and solicitors;
- Preparing for Administration, including drafting and dealing with appointment documentation;
- Drafting and dealing with appointment documentation; and
- Liaising with the proposed appointees regarding group companies, in particular the Jersey based company.

Their balance of £24,000 included expenses of £98.41, which related to fares, incidental expenses and court fees in the period prior to our appointment.

It is proposed that the unpaid pre-appointment Administrators' and solicitor's costs and expenses will be paid as an expense of the Administration. Such payment is subject to approval under Rule 2.67 IR86 by the secured creditor and if relevant, the preferential creditors. These costs are not part of the proposals subject to approval under paragraph 53 Sch.B1 IA86.

The work performed above resulted in the Company being placed into Administration in an orderly manner, for the benefit of the creditors as a whole.

### **Objective of the Administration**

As detailed above we are pursuing objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

We consider the purpose of the Administration will be achieved using the strategy detailed in these proposals.

## **2. The Administrators' statement of proposals**

### **Dividend prospects**

#### ***Secured Creditors***

HSBC hold fixed and floating charges over all the Company's assets secured by debentures, a composite guarantee and a security interest agreement, all created on 29 September 2009. The PPF also held security in the Company with its claim subrogated to HSBC.

As at the date of our appointment, the secured creditors were owed c.£30.5m, HSBC being owed c.£28m and the PPF c.£2.5m. The exact final debt due to HSBC under its fixed and floating charge is still to be ascertained with contingent exposure from bond guarantees to HMRC. However, HSBC will suffer a significant shortfall on its security from the net realisations arising out of the Company's assets.

#### ***Preferential Creditors***

Preferential claims relate to certain arrears of wages and unpaid holiday pay of the former employees. The Company had preferential creditors totalling £1.368m according to the directors' Statement of Affairs. HSBC provided funding which allowed the arrears of wages to be paid to the employees. In addition, employees will have claims for accrued holiday pay to 9 January which has been estimated at £0.4m. There may be a payment in respect of these claims in full or in part, which will be influenced by the overall final outcome of the Administration.

#### ***Unsecured Creditors***

Based on the directors' Statement of Affairs the total value of unsecured creditor claims is estimated to be £48.8m. We cannot yet validate the accuracy of this figure as claims are still being received. Due to the nature of the Company's business some creditors may not have been included, an example of this could be potential claims from landlords of leasehold properties. Equally, certain supplier claims will reduce where those suppliers have enforced their retention of title claims.

Based on our current estimated realisations, we consider that there will be insufficient funds to enable a distribution to unsecured creditors other than potentially by virtue of the prescribed part.

#### **Prescribed Part**

The Prescribed Part (Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs, to be set aside for unsecured creditors. For each company, this equates to:

- 50% of net property up to £10,000;
- 20% of net property in excess of £10,000;
- Subject to a maximum amount of £600,000.

The Prescribed Part applies to the Company as there are charges created and registered at Companies House following the Prescribed Part order coming into force on 15 September 2003. The amount of the Prescribed Part will be subject to future asset realisations and allowable costs.

Based on current estimates it appears unlikely that there will be sufficient floating charge realisations to enable a distribution to HSBC under its floating charge and therefore it is unlikely that there will be any funds from which a Prescribed Part could be drawn.

However, in the event that realisations are higher than expected and funds do become available under the Prescribed Part, the Administrators will inform creditors in a subsequent report.

### **Administrators' fees and disbursements**

As we consider that there is no prospect of a dividend to unsecured creditors other than potentially through the Prescribed Part, it will be for the secured creditors (and preferential creditors where there will be a preferential dividend) to approve the basis of our fee and category 2 disbursements. We intend to propose that the basis of our fees be fixed by reference to the time spent by the Administrators and the

## **2. The Administrators' statement of proposals**

various grades of staff at PwC's usual charge out rates for work of this nature. We have yet to agree a basis with the secured creditors and, to date, no fees have been drawn. We will inform creditors in our subsequent reports what basis is agreed and provide information supporting the fees drawn at that time.

### **Creditors' rights**

If you would like further information about your rights as a creditor, please use the internet address below to find an explanation of your rights under insolvency legislation in the different kinds of insolvency proceedings, including a guide to creditors' rights in relation to administrators' remuneration and expenses.

<http://www.icaew.com/en/technical/insolvency/creditors-guides>

Alternatively, a paper copy can be obtained free of charge by telephoning the Jessops Helpline on 0113 289 4422.

### **Ending the Administration**

Once the objectives of the Administrations have been achieved, we may end in any one of the ways allowed by law. However, the most likely exit route will be one of those as set out in Section 2(b)(vii) of this report.

## **2. The Administrators' statement of proposals**

### **b. Proposals for achieving the purpose of the Administration**

The Administrators make the following proposals for achieving the purpose of administration.

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from trading revenues and asset realisations in such manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- iii) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and that the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration or out of the prescribed part as costs associated with the prescribed part.
- iv) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch.B1 IA86.
- v) As it is expected that there will be insufficient funds to enable a distribution to be made to the unsecured non-preferential creditors of the Company other than by virtue of the prescribed part as provided for by Section 176A IA86, the Administrators do not propose to form a creditors' committee.
- vi) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances: -
  - (a) Once asset disposals are substantially complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Edward Williams, Robert Hunt and Matthew Hammond be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by any or all of them. In accordance with Paragraph 83(7) Sch.B1 IA86 and Rule 2.117A(2)(b) IR86, creditors may nominate alternative liquidators, provided that the nomination is made before the proposals are approved; OR
  - (b) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch.B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later; OR
  - (c) Once asset disposals are complete, the Administrators will apply to the Court to allow the Administrators to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Sch.B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any order of the court.
- vii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the secured creditor(s), or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors or in any case at a time determined by the court.

## **2. The Administrators' statement of proposals**

- viii) In the circumstances of this case it will be for the secured and if applicable, preferential creditors to approve the payment of the unpaid pre-Administration costs as expenses of the Administration.
- ix) It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. As the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than, potentially, by virtue of Section 176A IA86, it will be for the secured creditors to determine these instead, or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors. In any event, the basis of the Administrators' remuneration and Category 2 disbursements are to be fixed no later than 18 months after the date of the Administrators' appointment.
- x) The Administrators propose the books and records of the Company will be destroyed one year after dissolution.

## **2. The Administrators' statement of proposals**

### **c. Statement of affairs**

A statement of affairs of the Company was delivered to the Administrators on 1 February 2013. The statement was signed by Joanna Boydell, a director of the Company.

The Administrators make the following comments on the statement of affairs: -

- In accordance with the standard format of the statement of affairs, no provision has been made for the costs of realising the Company's assets or the costs of the Administration.
- The Administrators have not carried out anything in the nature of an audit on the information.
- The directors have treated cash held by the Company at the date of appointment as being subject to a fixed charge. However, strictly speaking, under the terms of the loan agreements between HSBC and the Company, HSBC have the right to set off the credit balance held against the loan balance outstanding to it.
- Floating charge realisations in terms of stock and tangible assets appear higher than our estimates, however these do not take into account the costs of realisations including those incurred in relation to the closure of the stores.
- As confirmed above, there are no provisions for the costs of realising the Company's assets or the costs of the Administration, which has resulted in a significant value being attributed to the prescribed part. These costs will be deducted before a prescribed part distribution is made, in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003. The amount of the Prescribed Part (if any) will be subject to future asset realisations and allowable costs and therefore at this stage it is too soon to comment on the likely quantum and timing of any distribution.
- There is a footnote in the statement of affairs to confirm that no value has been attributed to the brand.
- The director confirmed that the creditors' schedule does not include amounts due for rents at the end of their leases as there were unknown elements. There will be an element of rent which will result in an unsecured claim balance. As shown in our receipts and payments account, some rent has been paid as an expense of the Administration in respect of certain properties.
- The statement of affairs is produced by the director of the Company and to the best of their knowledge is the position at the date of our appointment as Administrators. The creditor claim figures therefore do not take into account any claim which may have been submitted by creditors during the course of the Administration.
- There is a list of creditors without addresses contained within the statement of affairs. These are academy course customers and the only contact information provided were email addresses. It is not appropriate to disclose this information due to data protection.

The statement of affairs is summarised copied at Appendix A and, as is required by statute, includes details of the names, addresses and debts of creditors (including details of any security held).

## 2. The Administrators' statement of proposals

### Statutory and other information

<b>Court details for the Administration:</b>	High Court of Justice, Chancery Division, Companies Court, Case No. 147 of 2013.
<b>Full name and trading name:</b>	The Jessop Group Limited
<b>Registered number:</b>	01097345
<b>Registered address:</b>	Jessop House, Scudamore Road, Leicester, LE3 1TZ
<b>Company directors:</b>	Joanna Boydell, Sean Emmett, Martyn John Everett, Neil Stewart Old, Chris Yates
<b>Company secretary:</b>	None stated
<b>Shareholdings held by the directors and secretary:</b>	Not applicable
<b>Date of the Administration appointment:</b>	9 January 2013
<b>Administrators' names and addresses:</b>	Edward Williams, Donington Court, Pegasus Business Park, Castle Donington, East Midlands, DE74 2UZ, Robert Jonathan Hunt, 7 More London Riverside, London, SE1 2RT and David Matthew Hammond, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT
<b>Appointor's / applicant's name and address:</b>	Martyn John Everett, director of the Company on behalf of the directors
<b>Objective being pursued by the Administrators:</b>	Objective (b) achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration).
<b>Division of the Administrators' responsibilities:</b>	In relation to paragraph 100(2) Sch.B1 IA86, we hereby confirm that any act required or authorised to be done by the Administrators may be done by all or any one of the Administrators for the time being holding office.
<b>Proposed end of the Administration:</b>	Should it become apparent a distribution to unsecured creditors is possible, the Administrators may file notice with Companies House and move the Companies into creditors' voluntary liquidation or make an application to court to distribute in the Administration. An application may also be made to dissolve the Company.
<b>Estimated dividend for unsecured creditors:</b>	None (other than potentially via the prescribed part)
<b>Estimated values of the prescribed part and the company's net property:</b>	The quantum is uncertain at present and wholly dependent on realisations.
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</b>	The Administrators may make an application to the court under section 176A(5) IA86 on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits should the level of net property fall below what is anticipated. This is dependent on the success of asset realisations.
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are the main proceedings.
<b>Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:</b>	None

### 3. Receipts and payments account

The following is a summary of the Administrators' receipts and payments for the period 9 January 2013 to 20 February 2013.

	<b>Total (£)</b>
<b>Fixed charge receipts</b>	
Intangible assets	875,000.00
Intellectual Property Rights	525,000.00
Sale of leases	100,000.00
	<u>1,500,000.00</u>
<b>Fixed charge payments</b>	
Total	<u>(0.00)</u>
<b>Total fixed charge receipts/(payments)</b>	<b><u>1,500,000.00</u></b>
<b>Floating charge receipts</b>	
Trading account	376,933.84
Plant & Machinery	100,000.00
Stock	150,000.00
Fixtures and fittings	5,000.00
Sale of IT equipment	10,000.00
Third party funds	37,806.15
Book debts	1,174,766.63
Distributions received	16.73
Refunds	71,445.91
Cash in hand	80,278.99
Total	<u>2,006,248.25</u>
<b>Floating charge payments</b>	
Rent	(31,667.00)
Service charges	(1,017.58)
Bank charges	(267.00)
Total	<u>(32,951.58)</u>
<b>Total Floating charge receipts/(payments)</b>	<b><u>1,973,296.67</u></b>
<b>VAT account (including trading account)</b>	<u>480,028.72</u>
<b>Balance at bank</b>	<b><u>3,953,325.39</u></b>

### 3. Receipts and payments account

The following is a summary of the Administrators' trading receipts and payments for the period 9 January 2013 to 20 February 2013. Given the circumstances of this case, we have included within the trading receipts and payments those amounts relating to the business closure and the process of uplift of stock from stores in order to deal with retention of title claims.

	<b>£</b>
<b>Trading receipts</b>	
Trading sales	1,028,000.39
Supplier contributions to closure process	<u>388,175.75</u>
	<b>1,416,176.14</b>
<b>Trading payments</b>	
Net wages	(5,453.14)
PAYE & NIC	(326,103.01)
Other payroll deductions	(2,430.72)
Pension deductions	(16,722.31)
Agents' fees	(358,401.66)
Telephone & fax	(5,213.88)
Kiosk hire/lease charges	(8,647.20)
Duress payments	(114,362.16)
Storage costs	(164,167.42)
Transport & carriage	(6,418.74)
Security costs	(30,385.71)
General expenses	<u>(936.35)</u>
	<b>(1,039,242.30)</b>
<b>Balance</b>	<b><u>376,933.84</u></b>

The above summary represents the receipts (mainly cash sales) from trading and trading payments made to date. Further payments will be made in due course, including the payments of post appointment wages which have been funded by HSBC.

The resolution of retention of title claims over stock uplifted from stores has not yet been completed.

## Appendix A      Pre-Administration costs

The following are costs incurred prior to the appointment of Administrators but with a view to the Company entering Administration. It is proposed that the unpaid costs will be paid as an expense of the Administration. Such payment is subject to approval under Rule 2.67 of the Insolvency Rules 1986 and not part of the proposals subject to approval under paragraph 53 Sch.B1 IA86.

	<b>Unpaid amount (£)</b>
Fees charged by the Administrators	<b>23,104.25</b>
Expenses incurred by the Administrators	-
Fees charged by third parties: Ashurst LLP	<b>23,901.59</b>
Expenses incurred by third parties: Ashurst LLP	<b>98.41</b>
Fees charged by other persons qualified to act as an insolvency practitioner	-
Expenses charged by other persons qualified to act as an insolvency practitioner	-
<b>Total</b>	<b>47,104.25</b>

## **Appendix B            Copy of the statement of affairs**

The lists of the Company's creditors and shareholders are available in a separate password-protected document. This was confirmed in my letter to creditors dated 27 February 2013.

We recognise that creditors may wish to contact each other to discuss certain aspects of the case. If you need further information to facilitate this please send your request in writing by post to Neil Weldrick at PricewaterhouseCoopers LLP, Benson House 33 Wellington Street, Leeds, LS1 4JP.

## Statement of affairs

Name of company The Jessop Group Limited	Company number 01097345
In the High Court of Justice, Chancery Division, Companies Court <small>(full name of court)</small>	Court case number 147 of 2013

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) The Jessop Group Limited, Jessop House, Scudamore Road, Leicester, LE3 1TZ

on the (b) 9 January 2013, the date that the company entered administration.

(b) Insert date

### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 9 January 2013 the date that the company entered administration.

Full name Ms Joanna Boydell

Signed

 \_\_\_\_\_

Dated

1/2/13 \_\_\_\_\_

## A – Summary of Assets

### Assets

	Book Value £k	Estimated to Realise £k
<b>Assets subject to fixed charge:</b>		
Freehold Property	2,040	1,100
Leasehold Property Alterations	1,265	-
Fixed asset investments	1	-
Cash	1,138	1,138
<b>Less: Debts secured by fixed charges</b>		
- Term loan facility		(2,238)
- Loan notes		
<b>Assets subject to floating charge:</b>		
Fixtures & fittings	7,098	
Office Equipment	2,085	
Less: ROT	(636)	500
Stock	21,138	
Less: ROT	(18,798)	1,000
Retro reserve	2,659	
Less: offset against creditors	(2,659)	-
Trade debtors	1,990	1,750
Prepayments, accrued income and other debtors	3,312	140
<b>Uncharged assets:</b>		
	-	-
<b>Estimated total assets available for preferential creditors</b>		<b>3,390</b>

Signature



Date

1/2/13

Note 1: I have not attempted to value the brand and goodwill as it has no NBV, however, I would expect it to have some value.

Note 2: Net balances due from group companies of £81,331k have been excluded as they are settled net and we have included the guaranteed fixed and floating charge Term Loan Facility and Loan Notes.

## A1 – Summary of Liabilities

	£k	Estimated to realise £k
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		<b>3,390</b>
<b>Liabilities</b>		
Preferential creditors:-		
Employee arrears of wages	743	
Accrued holiday pay (estimate)	625	
<b>Estimated (deficiency)/surplus as regards preferential creditors</b>		<b>2,022</b>
Estimated prescribed part of net property where applicable (to carry forward)	407	
<b>Estimated total assets available for floating charge holders</b>		<b>1,615</b>
Debts secured by floating charges (note 1)	29,021	
<b>Estimated (deficiency)/surplus of assets after floating charges</b>		<b>(27,406)</b>
Estimated prescribed part of net property where applicable (brought down)	407	
<b>Total assets available to unsecured creditors</b>		<b>407</b>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders) less ROT claims and debtor offset (note 2) (note 3)	48,756 (25,980)	
<b>Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>		<b>(22,459)</b>
Shortfall to floating charge holders (brought down)		(27,406)
<b>Estimated (deficiency)/surplus as regards creditors</b>		<b>(49,865)</b>
Issued and called up capital	841	
Share premium	95	
<b>Estimated total (deficiency)/surplus as regards members</b>		<b>(50,801)</b>

Signature  Date 1/2/13

### NOTES:

Note 1: The bank debt and loan notes, whilst not on the balance sheet of The Jessop Group Limited ("JGL") are guaranteed by JGL and so have been included as JGL was the only substantial trading entity within the Group.

Note 2: Excludes substantial amounts due for rents to the end of leases and other lease related claims. Amounts have not been estimated due to the unknown elements including mitigation.

Note 3: Net balances due from group companies of £81,331k have been excluded as they are settled net and we have included the guaranteed fixed and floating charge Term Loan Facility and Loan Notes.

## COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £k	Details of any security held by creditor	Date security given	Value of security £k
Term Loan Facility	HSBC Bank plc 8 Canada Square London, E14 5HQ	28,757	Fixed and floating charge over all assets	29 September 2009	
Loan notes	Pension Protection Fund Knollys House 17 Addiscombe Road Croydon CR0 6SR	2,502	Fixed and floating charge over all assets	29 September 2009	
Employees	Arrears of wages and holiday pay accrual	1,368			
Creditors List	See attached for details	42,646	See attached	See attached	23,321 ROT plus debtor offset 2,659
Jessops Academy Courses	Individual customers who have purchased courses but not yet attended	183			
Customers with deposits, returned goods or compensation	Individual customers who have made deposits and not yet received goods or who have returned goods and not received repayment or who are due compensation	201			
Gift card holders	Individual customers who have purchased but not redeemed gift cards	869			
HMRC	VAT and PAYE / NI inc. PSA accrual	1,327			
Accruals	Various	3,530			

Signature *J. Taylor* Date 1/2/13

