

TO ALL KNOWN CREDITORS

8 March 2019

Ref: R/CAL/SH/RK/JBL/D16.4

Direct line: +44 (0)207 951 1372

Email: hofadministrations@uk.ey.com

Dear Sirs

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration) ('the Company')

The High Court of Justice, Chancery Division, Business and Property Courts of England and Wales Number CR-2018-006625

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the administration. This report covers the period from 10 August 2018 to 9 February 2019 ("the Period") and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 17 August 2018 ("Original Proposals") and the Joint Administrators' Statement of Revised Proposals ("Revised Proposals") dated 30 August 2018. Statutory information about the Company, the administration and the office holders is given at Appendix 1.

The Company, registered number 00176533, entered Administration on 10 August 2018 ('the Date of Appointment') and A M Hudson, R H Kelly, C P Dempster and I were appointed to act as Joint Administrators. The appointment was made by the Court under the provisions of paragraph 12 of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by any one of them.

Summary of progress

Sale of business

As creditors will recall from the Proposals, on 10 August 2018 the Joint Administrators completed a sale of substantially all of the business and assets of the Company to entities forming part of the Sports Direct Group ('Purchaser') - such sale being part of a transaction with total consideration of £90 million, of which c£89.3m was paid to the HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited) ('HOFS'), c£0.7m to the Company and the balance of £0.24 to the HFL Realisations Limited (formerly House of Fraser Limited) ("HFL"). All of the consideration was paid on completion and the Company's share of the sale proceeds is reflected in our receipts and payments account attached at Appendix 2. A detailed explanation of this transaction was provided to creditors in the Proposals, which can be accessed at: www.ey.com/uk/houseoffraseradministration.

Approval of the Proposals

No formal request to call an initial meeting of creditors was received from the unsecured creditors of the Company and accordingly, the Revised Proposals were deemed approved on 14 September 2018.

Leasehold properties

At the date of the appointment, the Company, HOFS and HOFL operated from 64 locations, all of which were occupied under leasehold arrangements. This included 59 trading stores, three office locations and two warehousing facilities.

The Company held lease to one trading store.

As part of the sale, a licence to occupy the Company's leasehold premises has been granted to the purchaser, although we have subsequently agreed to a surrender of the lease as part of the Purchasers rationalisation of its store estate.

Rent and rates refunds

Montagu Evans LLP has been instructed on a success fee basis to appeal the rateable values across a number of properties in portfolio. These appeals are ongoing and are likely to continue until the end of the Administration.

To date, the sum of £21,535.10 has been recovered for the benefit of creditors.

Other assets

The sale of the business was apportioned to the Company as follows:

- Stock to the value of £520,939.69;
- Equipment to the value of £110,862.26;
- Information Technology to the value of £18,477.04 and
- Property to the value of £0.01

Bank interest received and charges

In the Period, the Company received interest of £1,347.24 and has incurred bank charges of £2.97.

Retention of title claims

The Administrators have continued to support the Purchaser in dealing with several retention of title claims made against the Company. We understand that these have now been dealt with by the end of the Period.

Investigations

The Joint Administrators have undertaken an investigation into the Company's affairs following their appointment pursuant to Statement of Insolvency Practice Number 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986.

We have submitted our confidential return on the conduct of all persons who have been directors, shadow or de-facto directors of the Company during the three years prior to our appointments, to the Insolvency Service.

VAT registrations

We have requested HMRC to:

- remove the Company from the VAT Group effective from the date of our appointment; and
- re-register the Company as a new standalone VAT registration effective from 10 August 2018.

HMRC has now removed the Company from the VAT Group, and re-registered the Company under a standalone VAT registration. The first VAT return to be submitted under the new standalone VAT registration should cover the period 10 August 2018 – 28 February 2019, and is due on 31 March 2019.

Corporation tax

We have instructed EY tax specialists to prepare the corporation tax returns for the Company, as required.

The first post administration corporation tax return for the Company will be for a one-day accounting period starting and ending on 10 August 2018, being the date the Company entered Administration and ceased to trade. This becomes due for submission on or before 10 August 2019.

The position with regards to pre-appointment corporation tax returns is still to be agreed. Tax returns for subsequent post administration periods will also be required and will be prepared by EY tax specialists.

Tax work is ongoing and all Corporation tax and other tax related time costs are included within the Joint Administrators' total time costs, set out in detail at Appendix 3.

Remaining assets

The Joint Administrators will continue to pursue any further rates funds available as well as receiving further bank interest from funds held on deposit.

Receipts and payments account

I enclose at Appendix 2, a receipts and payments account for the period from 10 August 2018 to 9 February 2019. This does not reflect estimated future realisations or costs.

Joint administrators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me. Please note that the references in the Guide to fee estimates do not apply to administrations, such as this one, which started before 1 October 2015.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators will be shortly seeking approval from the preferential and unsecured creditors of the Company to the basis of our remuneration and the payment of Category 2 disbursements in accordance with Rule 18.18(3) of the Insolvency (England and Wales) Rules 2016.

For the Period, the Joint Administrators have incurred time costs of £139,854.00 against which £nil has been drawn. Appendix 3 of this report provides an analysis of the time spent. Appendix 5 provides a statement of the Administrators' policy in relation to charging time and disbursements.

During the Period, the Joint Administrators have incurred disbursements of £1,364.60 plus VAT against which £nil has been drawn. There is a breakdown of disbursements incurred in this Period set out in Appendix 4 of this report.

Pre-administration costs

The Original Proposals and Revised Proposals stated that the Joint Administrators would seek approval to the payment of unpaid Pre-administration costs totalling £6,120 (plus VAT), being the Joint Administrators' unpaid costs and unpaid third party costs, as an expense of the Administration of the Company.

The payment of unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of the Rules, and under paragraph 53 of Schedule B1 to the Act. This means we will be seeking approval separately.

As no creditors' committee has been formed, the Joint Administrators will seek to have the unpaid pre-Administration costs approved by the creditors by a decision procedure.

Secured creditors

There are no secured creditors of the Company.

Preferential creditors

All of the employees of the Company were transferred to the Sports Direct Group as a result of the sale of business. However, certain former employees have preferential claims, which currently totals £290.34 in respect of arrears of wages, holiday pay and employee pension deductions.

To date we have paid £123.64 during the Period. We have recently sent reminders to those employees who have not yet lodged their preferential claim to enable them to make a claim.

Non-preferential creditors

The Joint Administrators continue to receive claims from unsecured non-preferential creditors of the Company.

It is currently estimated that non-preferential claims against the Company will be £39,387,943, made up of inter company claims and a claim from HM Revenue & Customs, based on the Company's Statement of Affairs filed with the Registrar of Companies.

If there are unsecured, non-preferential creditors who wish to submit a claim form but have yet to do so, I would request that they return Statement of Claim Form (enclosed at Appendix 6), together with all back up documentation in support of their claim.

The prescribed part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Act. The Prescribed Part applies to floating charges created on or after 15 September 2003.

We are not aware of any secured creditors of the Company. Accordingly, Section 176A of the Act does not apply to this Administration and there is no Prescribed Part to be set aside for unsecured creditors.

Distributions to creditors

As per the Revised Proposals, distributions will continue in the Administration to the preferential creditors. Any distribution to the unsecured creditors will require the Company being placed into Creditors' Voluntary Liquidation and the Joint Administrators will take steps to do so before the automatic expiry of the administration.

Future conduct of the administration

The Original Proposals and Revised Proposals stated that the Joint Administrators would continue to deal with the Administration in line with the stated objective, namely to achieve 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).

Further details of the future conduct of the Administration can be found in the Original Proposals and Revised Proposals.

The end of the administration

As the Company will have property remaining, which will permit a distribution to its unsecured creditors, the Joint Administrators will convert the Administration to a Creditors' Voluntary Liquidation under the provisions of paragraph 83 to the Insolvency Act 1986 to allow this distribution to unsecured creditors to be actioned.

As this Exit Route was not contemplated in the Original or Revised Proposals we will need to issue further revisions in due course.

Extension to the initial period of appointment

Insolvency legislation currently provides for an Administration to automatically come to an end after a period of 12 months.

Once the preferential creditors of the Company have been paid in full, the Joint Administrators will convert the Administration to a Creditors' Voluntary Liquidation under the provisions of paragraph 83 to the Insolvency Act 1986. This will allow a distribution to be made to the unsecured creditors of the Company, following which the liquidation can be concluded.

Other matters

If there are any matters concerning the Company's affairs which you consider may require investigation, and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

Next report

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

Yours faithfully
for the Company



C A Lewis
Joint Administrator

- Enc: Appendix 1 - Information about the proceedings, the Company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016
Appendix 2 - Joint Administrators Receipts and Payments Account
Appendix 3 - Summary of the Joint Administrators' time costs
Appendix 4 – Summary of Joint Administrators' expenses incurred
Appendix 5 – Joint Administrators' policy on remuneration and disbursements
Appendix 6 - Form 4.7 – Statement of Claim

The affairs, business and property of the Company are being managed by the Joint Administrators, A M Hudson, R H Kelly, C P Dempster and C A Lewis, who act as agents of the Company only and without personal liability.

A M Hudson is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants. R H Kelly and C P Dempster are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland. C A Lewis is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointments. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	The High Court of Justice, Chancery Division, Business and Property Courts of England and Wales
Court reference:	CR-2018-006625
Registered name of the company:	Jam B Realisations Limited (formerly James Beattie Limited)
Registered office address of the company:	1 More London Place, London SE1 2AF, UK
Registered number:	00176533
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	10 August 2018
Details of any changes of administrator:	None
Full names of the administrators and address(es):	A M Hudson and C A Lewis of Ernst & Young LLP, 1 More London Place, London, SE1 2AF R H Kelly of Ernst & Young LLP, Bridgewater Place, 1 Water Lane, Leeds LS11 5QR C P Dempster of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Office holder number(s):	9200; 9356 8582; 8908
Telephone number:	+44 (0)207 951 1372
Name of alternative person to contact with enquiries about the case:	Ali Walji

Appendix 2

Jam B Realisations Limited (formerly James Beattie Limited)

(in Administration)

Joint Administrators' Summary of Receipts and Payments from 10 August 2018 to 9 February 2019

	Statement of affairs GBP £	Realised To Date GBP £
RECEIPTS		
Rates Refund	-	21,535.10
Property	6,605,439.00	0.01
Equipment	-	110,862.26
Information Technology	-	18,477.04
Stock	541,434.00	520,939.69
Bank Interest	-	1,347.24
Trade Debtors	164,901.00	0.00
HF Stores Realisations control a/c	-	123.64
	7,311,774.00	673,284.98
PAYMENTS		
Preferential Creditors	-	123.64
Bank Charges	-	2.97
	-	126.61
Net Receipts/(Payments)	-	673,158.37
MADE UP AS FOLLOWS		
HSBC-GBP-Current-71434020@0.60%		673,158.37

Notes

1. Receipts and payments are stated net of VAT.
2. No allowance has been made for future receipts or payments.

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration)

Joint Administrators' Time-Costs from 10 August 2018 to 9 February 2019

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
Accounting and Administration	-	4.5	0.5	0.2	18.1	1.7	25.0	12,199.00	487.96
Bank & Statutory Reporting	1.0	1.0	11.6	-	174.2	10.8	198.6	84,721.00	426.59
Creditors (Mandatory)	3.0	-	-	0.2	0.2	-	3.4	3,428.00	1,008.24
Debtors	-	-	-	-	-	-	-	-	-
Employee Matters	-	0.5	0.1	12.1	-	-	12.7	5,608.00	441.57
Environmental Issues	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-
Immediate Tasks	-	-	-	1.0	-	1.0	2.0	660.00	330.00
IP and Trademark Assignments	-	-	-	-	-	-	-	-	-
Investigation/CDDA (Mandatory)	-	4.7	7.5	-	-	-	12.2	9,753.00	799.43
Job Acceptance & Strategy (M)	-	-	-	0.1	-	-	0.1	43.00	430.00
Legal Issues	-	-	-	-	-	-	-	-	-
Members	-	-	-	-	-	-	-	-	-
Other Assets (Mandatory)	-	-	-	-	-	-	-	-	-
Other Matters	-	-	-	-	-	-	-	-	-
Out of scope	-	-	-	-	-	-	-	-	-
Property	-	-	-	0.5	-	-	0.5	215.00	430.00
Public Relations issues	-	-	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-	-	-
Statutory Duties	1.0	-	23.0	-	17.0	-	41.0	18,840.00	459.51
Trading (Mandatory)	-	-	-	-	-	-	-	-	-
VAT & Taxation	-	0.7	3.1	-	-	-	3.8	4,387.00	1,154.47
Sale of Business	-	-	-	-	-	-	-	-	-
Prescribed Part Distribution	-	-	-	-	-	-	-	-	-
Day One	-	-	-	-	-	-	-	-	-
Ire: Negotiating the TSA	-	-	-	-	-	-	-	-	-
Ire: Suppliers (including ROT)	-	-	-	-	-	-	-	-	-
Ire: Cash flow and trading admi	-	-	-	-	-	-	-	-	-
Concession Operators	-	-	-	-	-	-	-	-	-
Ire: Employees (including comm	-	-	-	-	-	-	-	-	-
Ire: Landlord (property)	-	-	-	-	-	-	-	-	-
Ireland: Concessions	-	-	-	-	-	-	-	-	-
Ire: VAT & tax matters	-	-	-	-	-	-	-	-	-
Ire: Public relations (inc CCP	-	-	-	-	-	-	-	-	-
Ire: Completion & TSA Rec	-	-	-	-	-	-	-	-	-
Decision Analytics	-	-	-	-	-	-	-	-	-
Ire: Elavon	-	-	-	-	-	-	-	-	-
Ire: Statutory and other filing	-	-	-	-	-	-	-	-	-
Total Hours	5.0	11.4	45.8	14.1	209.5	13.5	299.3		
Time Costs (£)	4,815.00	11,146.50	27,735.00	6,063.00	86,885.50	3,209.00		139,854.00	
Average Hourly Rate (£)	963.00	977.76	605.57	430.00	414.73	237.70		467.27	
Category 1 Disbursements (£)	1,364.60								
Category 2 Disbursements (£)									
	1,364.60								
Note: Time is charged in 6 minute intervals									

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration)

Summary of Joint Administrators' expenses incurred

Type of Expense	Paid in Period (£)	Outstanding	Total
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)			
Advertising	-	84.60	84.60
Category 1 disbursements (see Note 2)			
Specific penalty bond <i>[if paid by EY and recharged to the estate]</i>	-	1,280	1,280
Category 2 disbursements (note 2)			
Totals	-	1,364.60	1,364.60

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration)

Office Holders' Charging Policy for Fees

The Administrators have engaged managers and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by Accounting and treasury executive dealing with the company's bank accounts and statutory compliance issues. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Time is charged in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The hourly rate for each category of staff over the period is shown below:

Grade description	Restructuring hourly rates (£/hour)		Tax / VAT hourly rates (£/hour)	
	10/08/18 to 02/11/18	03/11/18 to 09/02/19	10/08/18 to 02/11/18	03/11/18 to 09/02/19
Partner	1,085	1,140	1,495	1,570
Executive Director	1,040	1,090	1,210	1,570
Director	885	930	1,090	1,295
Assistant Director	740	775	1,090	1,145
Senior Executive	560	590	900	945
Executive	415	435	660	695
Assistant Executive	375	395	N/A	N/A
Analyst	265-375	280-395	210-410	220-430
Business Trainee	230	240	N/A	N/A

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as the Committee require to support the disbursements drawn.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured creditors and preferential creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration)

Statement of Claim Form

Administration Proof of Debt
Rule 14.4, Insolvency (England and Wales) Rules 2016

Convocatoria para la presentación de créditos. Plazos aplicables
Výzva k přihlášení pohledávky. Závazné lhůty
Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne
Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten!
Nõude esitamise kutse. Järgitavad tähtajad
Πρόσκληση για αναγγελία απαιτήσεως. Προσοχή στις προθεσμίες
Invitation to lodge a claim. Time limits to be observed
Invitation à produire une créance. Délais à respecter
Invito all'insinuazione di un credito. Termine da osservare
Uzaicinājums iesniegt prasījumu. Terminī, kas jāievēro
Kvietimas pateikti reikalavimą. Privalomieji terminai
Felhívás követelés bejelentésére. Betartandó határidők
Stedina għal preżentazzjoni ta' talba. Limiti taż-żmien li għandhom jiġu osservati
Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen
Wezwanie do zgłoszenia wierzytelności. Przestrzegać terminów
Aviso de reclamação de créditos. Prazos legais a observar
Výzva na prihlásenie pohľadávky. Je potrebné dodržat stanovené termíny
Poziv k prijavi terjatve. Roki, ki jih je treba upoštevati!
Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat
Anmodan att anmäla fordran. Tidsfrister att iakta

Jam B Realisations Limited (formerly James Beattie Limited) (in Administration)

Date of Administration: **10 August 2018**

Please refer to the notes at the end of this form.

Name of Creditor

Address

Total amount of claim, including VAT, as at 10 August 2018

Less: any payments made to you after 10 August 2018 in respect of the claim

Less: any trade or other discounts (except early payment discounts) under Rule 14.20

Less: any adjustments for set off in accordance with Rule 14.24

Net claim after deductions

Amount of any outstanding uncapitalised interest included in claim

Amount of any VAT included in claim

Is the whole or any part of your claim preferential, within the meaning of section 386, schedule 6, of the Insolvency Act 1986? If so, into which category of debt does it fall?

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Particulars of how and when the debt was incurred.

Is your claim secured? If so, please provide the following information:

- the nature of the security
- the date on which it was given
- the value which you put on the security

If you claim or have claimed reservation of title in respect of goods to which the debt refers, please give details here.

Please provide details of any document by reference to which the debt can be substantiated

Signed
Signature on behalf of creditor

Name

Address

Authority to sign on behalf of creditor

Date

For Administrator's use only

File with hofcreditors@uk.ey.com

Reviewed by _____

Notes to Administration Proof of Debt Form:

1. Proof of Debt forms may be submitted to the Administrators by post, by fax or by email to hofcreditors@uk.ey.com
2. Please attach a detailed statement of your account as at the date on which the Company entered Administration.
3. If your claim is preferential (e.g., for wages, holiday pay or certain pension arrears) or secured please give details and attach supporting documentation.
4. VAT bad debt relief may usually be claimed six months after the date of supply.
5. The Administrator may call for any document or other evidence to be produced if it is considered necessary for the purpose of substantiating the whole or any part of the claim made.
6. The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are included on the Data Privacy Notice which can be found at: www.ey.com/uk/officeholderprivacy.