

TO ALL KNOWN CREDITORS AND MEMBERS

2 April 2020

Ref: LKB/DH/JB/MT/D10.1

Please contact Michael Thalassitis
mthalassitis@uk.ey.com

Dear Sirs

L.K. Bennett Limited (in Administration) ('the Company')

High Court of Justice, Business and Property Courts of England and Wales (Insolvency & Companies List) – Number 1534 of 2019

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 **7 September 2019 to 6 March 2020** ('the Period') and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 May 2019 ('the Proposals') and our previous report dated 7 October 2019 ('the Previous Report').

Statutory information about the Company, the administration and the office holders is given at Appendix 1.

Summary of progress since the Previous Report

Extension of administration

Under paragraph 78(2) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators' sought the consent of the Company's secured creditor and deemed consent of the Company's preferential creditors for an extension of the administration for a period of 12 months, ending on 7 March 2021.

The request for the extension of the administration was made primarily due to ongoing property matters (relating to the licence to occupy granted to the purchaser of certain business and assets of the Company), finalising trading liabilities and to make further distributions to the Company's creditors. Further reasons for requesting an extension of the administration can be found at the 'Remaining work' section of this report.

The Company's secured creditor approved the request on 24 January 2020. Deemed consent from the Company's preferential creditors was received on 12 February 2020.

Trading

Trading outcome

A limited amount of work still remains to be completed in respect to finalising trading account reconciliations and settling liabilities due in relation to services provided by suppliers during the period 7 March 2019 to 11 April 2019, whilst the Company traded under the supervision of the Joint Administrators ("Administration Trading Period"). We expect the outcome of the Administration Trading

Period to be finalised imminently and anticipate that the Company will have generated a trading surplus during this period.

Licence to occupy

As referred to in the Proposals, the Joint Administrators granted Byland UK Limited (now registered as LK Bennett Fashion Limited) ('the Purchaser') a Licence to Occupy ('LTO') in respect of the Company's former head office and nineteen of the Company's stores. During the Period, an extension of the LTO was granted to 31 January 2020 for the head office and nine stores. A further extension to 30 April 2020 for the head office and one of the Company's stores was agreed with the Purchaser during the Period, but has not yet been formally granted.

During the administration, the Joint Administrators have continued to facilitate rent and other associated payments to the relevant landlords whilst the Purchaser has undertaken work to assign or agree new leases of the properties covered by the LTO. With the assistance of our lawyers, DLA Piper UK LLP ('DLA'), we continue to progress matters in this regard. In the meantime, work has been undertaken to regularly invoice the Purchaser for licence fees under the terms of the LTO.

In the Period, seven leases were assigned to the Purchaser, four were surrendered and two properties were vacated by the Purchaser. One further assignment is also due to be completed. A summary of property completions covered by the LTO is included below:

<i>LTO property summary</i>				
Progress report period	Assigned	Surrendered	Vacated	Total
7 March 2019 - 6 October 2019	0	1	3	4
7 October 2019 – 6 March 2020	7	4	2	13
Total	7	5	5	17

Stores in Ireland

The Company traded two stores in ROI, which were covered under a separate LTO agreement facilitated by a collateral agreement between the directors of the Irish subsidiary and the Purchaser. The Purchaser has made their own arrangements with the final store lease during the Period, therefore closing matters relating to stores in ROI.

Stores not included in the sale

During the Period, ten leases have been surrendered relating to stores not included in the LTO. A further lease has been surrendered after the Period.

Sub-tenants

During the Period, two sub-leases were surrendered. We continue to progress matters relating to sub-tenants, including negotiating surrenders of some remaining sub-leases and pursuing the sub-tenant at the Company's former Head Office in respect of arrears due to the Company.

Asset realisations

Sales

During the Period, £174k has been collected in respect of sales made during the Administration Trading Period, £31k of which related to amounts due from concession partners. The remaining £143k relates to a retention held by one of the Company's merchant service providers, in which a release has now been secured by the Joint Administrators.

Debtors

As stated in the Proposals and the Previous Report, the Company's books and records stated outstanding debts due in respect of pre-appointment sales to wholesale customers of £809k and concession partners of £938k. Both the Company's management team and the Joint Administrators are of the view that a large proportion of debtors due to the Company represented bad debts and were therefore not collectible in full.

During the Period, we have realised £50k and £20k against wholesale and concession debtors respectively. As a result, total realisations during the administration to date are £580k in relation to wholesale debtors and £598k in relation to concession debtors. Note that debtor realisations comprise GBP, EUR and USD receipts, but have been converted to GBP for comparison purposes.

We continue to pursue a number of wholesale customers and concession partners for payment of their remaining pre appointment debts, but due to inherent limitations in the accuracy of the Company's records and supporting information in respect of the original sales, we expect any future realisations will be limited.

Cash held by merchant service acquirers pre-appointment

During the Period, c.£203k of cash was received from the Company's merchant service acquirers relating to pre-appointment balances held as retentions. All pre-appointment cash held by merchant service acquirers has now been collected, totalling £953k.

Other asset realisations

In addition to those asset realisations referred to above, the Joint Administrators have realised the following assets during the Period (all at GBP equivalent):

- £8k in respect of interest received on cash held in interest bearing bank accounts, resulting in a total of £14k of interest received during the administration to date;
- £117k of refunds due to the Company relating to pre-appointment business rates prepaid by the Company and rateable value reductions, resulting in cumulative realisations of £238k to date;
- £129k relating to a part-payment of the Company's intercompany receivable due from its Spanish subsidiary; and
- £23k relating to fees received associated with an extension of the licence to occupy granted to the Purchaser.

There are potential further realisations to reconcile, some of which are shown as sundry income in the receipts and payments account attached at Appendix 2. We will provide a further update in our next report.

Assets remaining to be realised

International subsidiaries

A summary in respect of the Company's key subsidiaries during the Period is included below:

- **USA** – As previously stated, the Company agreed that it would not participate in any dividends to unsecured creditors from LK Bennett USA Inc. on the basis that the Company's secured creditor received c.\$1.2m from US realisations, thereby reducing its secured claim against the Company under its cross-collateralised facilities between the US and the UK. Accordingly, there are no further updates to provide. It is anticipated that the structured dismissal process will conclude shortly which will conclude the Chapter 11 process.
- **Spain / Portugal** – £129k (€144k), representing a part payment of the Company's intercompany receivable due from the Spanish subsidiary, was received during the Period. It is expected that the Spanish subsidiary will enter solvent liquidation shortly, whereby the Company may realise some of the remaining intercompany receivables due. An outstanding issue with the tax authorities in Spain may restrict further upside from the solvent liquidation. If there is a further distribution to the Company, it is unlikely to exceed €50k.
- **France** – As previously stated, LK Bennett Paris SARL entered insolvent liquidation on 5 September 2019. The Company has lodged a claim of €2.6m with the liquidator, however it is too early to estimate the likelihood or quantum of a dividend payment in respect of this claim. We will provide an update in our next report.
- **Netherlands** – There have been no updates regarding the timing of any realisations from the Company's €1.2m intercompany claim against the Dutch subsidiary. We will provide an update in our next report, however, based on initial observations from the trustee in bankruptcy, no dividend is expected for unsecured creditors given the size of the preferential creditors' claims.
- **Ireland** – During the Period, LK Bennett Ireland Limited entered a Company Voluntary Liquidation ("CVL") process. There will be no dividend for creditors from the CVL.

Other matters

Retention of title

As communicated in the Proposals, the Purchaser has taken on the obligations in dealing with retention of title ('ROT') claims. No further ROT claims were settled during the Period.

Tax affairs

UK VAT

The first post-administration VAT return, requested by HMRC to be submitted under the Company's previous VAT registration, was submitted during the Period. The Company was subsequently registered under a new VAT registration and two additional returns were also submitted during the Period. We will continue to submit quarterly VAT returns under the Company's new VAT registration.

International VAT

Prior to the Joint Administrators appointment, the Company was registered for VAT in a number of overseas jurisdictions. As online sales were made in some of these jurisdictions during the Administration Trading Period, steps are being taken to ensure the Company's liabilities in relation to that period are settled.

We have engaged with the Company's previous international VAT advisors to assist with the submission of the majority of international VAT returns and expect the position to be finalised shortly.

Corporation tax

EY tax specialists are preparing to submit the first corporation tax return for the Company, covering the Administration Trading Period. As the Company has significant brought forward and other losses, we do not expect any corporation tax to be due.

Litigation claims

As reported in the Proposals and the Previous Report, the Company is a claimant in financial litigation proceedings, the details of which remain confidential. It is still too early to evaluate the quantum or likelihood of any realisations in this regard.

Receipts and payments account

A summary of our receipts and payments for the period from 7 September 2019 to 6 March 2020 is attached at Appendix 2. This does not reflect estimated future realisations or costs.

Joint administrators' remuneration

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.

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.

Our remuneration was fixed on a time-cost basis at an estimate of £3,201,109 (exclusive of VAT), approved by the secured creditor and preferential creditors on 14 June 2019 and 20 June 2019 respectively.

During the Period, we have incurred time costs of £647,440, bringing cumulative total time costs incurred to £3,632,952. As at 6 March 2020, we have drawn total remuneration of £1,472,947. Of this sum, £850,000 was billed and paid in the Period.

An analysis of the time spent, and a comparison with the fee estimate dated 1 May 2019 ('the Fee Estimate') is attached as Appendix 4 to this report. Further details on the description of the work done during the Period can also be found at Appendix 4.

As at 6 March 2020, we have exceeded the Fee Estimate by c.£432k. This is largely a result of additional time incurred relating to property matters as a result of extending the period of the LTO granted to the Purchaser; additional time spent dealing with trading and in particular concession store sales reconciliations, additional accounting and administration time incurred for ongoing general treasury and administrative tasks; and VAT and taxation matters as a result of requiring the support of internal VAT specialists for specific issues relating to the Company's VAT registration and VAT returns.

We anticipate that our total time costs will exceed the Fee Estimate by c.£900k. Additional details on time spent in respect of further activities which have exceeded the Fee Estimate are provided at Appendix 4.

In any instance, we will not draw remuneration in excess of the Fee Estimate without prior approval, in accordance with Rule 18.30 of the Insolvency (England and Wales) Rules 2016.

Joint administrators' statement of expenses incurred

During the Period, we have incurred administration expenses totalling £532,839 and €43,344 (both exclusive of VAT). A breakdown of expenses incurred in the Period and to date can be found at Appendix 3 of this report.

Certain expenses have exceeded the initial estimate dated 1 May 2019, reasons for which can be found at Appendix 3.

Distributions to creditors

Secured creditors

Wells Fargo Capital Finance (UK) Limited ("Wells Fargo"), the Company's principal secured lender, had total indebtedness at 7 March 2019 of approximately £9.27m, secured by fixed and floating charges over the Company's assets. Since appointment, charges and interest have continued to accrue and other adjustments have been added in the account.

During the Period, £1,500,000 has been distributed to Wells Fargo. A total of £7,614,327 (at GBP equivalent) has been distributed to Wells Fargo during the administration to date in respect of their secured claim against the Company, inclusive of amounts also distributed directly from pre-appointment bank accounts. As stated in the Previous Report, a further c.\$1.2m has also been paid to Wells Fargo from the US subsidiary which has reduced Wells Fargo's secured claim against the Company under its cross-collateralised facilities between the US and the UK.

We intend to make further distributions during the administration to Wells Fargo and expect that their secured debt against the Company will be repaid in full from realisations from the administration, payments made by the US subsidiary and from cash collateral previously provided by the Company's corporate shareholder.

Preferential creditors

No distributions to the Company's preferential creditors have been made during the Period. However, a notice of intended dividend will be issued to preferential creditors shortly and preferential claims will be settled in full.

Non-preferential unsecured creditors

As communicated in the Proposals and the Previous Report, the Company's books and records indicate that non-preferential claims could total approximately £29.34m. We still continue to receive claims from non-preferential unsecured creditors of the Company. It is currently too early for us to estimate the likely quantum of non-preferential claims.

We continue to estimate that there will be insufficient funds to enable a distribution to the unsecured creditors other than by virtue of the Prescribed Part. The Joint Administrators estimate the value of the Prescribed Part to be £600k, before the costs of dealing with the Prescribed Part.

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

Remaining work

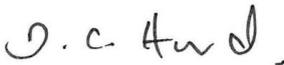
We continue to deal with the administration in line with the objectives stated in the Proposals. Future tasks will include, but are not limited to, the following:

- Finalising the administration, including calculating and payment of all remaining administration trading liabilities and finalising the Administration Trading Period reconciliation;
- Calculating the corporation tax position of the Company for the Administration Trading Period, and for subsequent periods during the administration;
- Realising further claims from rateable value reductions;
- Monitoring the progress of the Company's claim in financial litigation proceedings;
- Continuing to prepare and file post-appointment VAT returns under the new VAT registration;
- Finalising matters relating to the LTO granted to the Purchaser, continuing to liaise with landlords and facilitating rent payments (where applicable);
- Monitoring the progress of the various proceedings to which the Company's overseas subsidiaries are subject;
- Dealing with statutory reporting and compliance obligations, including reporting to creditors;
- Making further distributions to the secured creditor;
- Agreeing preferential creditor claims and distributing amounts due to the preferential creditors;
- Agreeing unsecured creditor claims and distributing amounts due to unsecured creditors (by virtue of the Prescribed Part); and
- Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the administration.

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



D C Hurd
Joint Administrator

Enc: Appendix 1 – Statutory and company information
Appendix 2 – Joint Administrators' receipts and payments account for the Period
Appendix 3 – Summary of Joint Administrators' expenses incurred
Appendix 4 – Summary of Joint Administrators' time costs

D C Hurd and C A Lewis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

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

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 Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

L.K. Bennett Limited (in Administration) ('the Company')

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:	High Court of Justice, Business and Property Courts of England and Wales (Insolvency Companies List)
Court reference:	1534 of 2019
Registered name of the company:	L.K. Bennett Limited
Registered office address of the company:	c/o Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ
Registered number:	02699136
Country of incorporation (for a company incorporated outside the United Kingdom):	n/a
Date of appointment of the Joint Administrators:	7 March 2019
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd, Robert Hunter Kelly, Craig Anthony Lewis
Office holder number(s):	20030, 8582 and 9356
Administrators' address(es):	Daniel Christopher Hurd, Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ Robert Hunter Kelly, Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR Craig Anthony Lewis, Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Telephone number:	0121 535 2993
Name of alternative person to contact with enquiries about the case:	Andy Pelenski

Appendix 2

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' summary of Receipts and Payments from 7 September 2019 to 6 March 2020

Per the Estimated Statement of Financial Position £	RECEIPTS	7 September 2019 - 6 March 2020			7 March 2019 - 6 March 2020		
		GBP	EURO	USD	GBP	EURO	USD
	FIXED CHARGE ASSETS						
	Bank Interest	-	-	-	2,886.85		
915,984.00	Debtors	-	-	-	-	-	-
	Wholesale	-	56,582.34	-	2,096.67	354,308.02	339,178.80
	Concession	19,946.71	-	-	479,049.47	132,414.22	
	Customer List	-	-	-	1.00		
1,474,993.00	Goodwill	-	-	-	1.00		
	Intellectual Property	-	-	-	1,474,991.00		
	Pre Appointment Insurance Claims	-	-	-	173,400.15		
		19,946.71	56,582.34	0.00	2,132,426.14	486,722.24	339,178.80
	FLOATING CHARGE ASSETS						
825,000.00	Equipment	-	-	-	825,000.00		
7,508,000.00	Stock (including deferred consideration)	-	-	-	7,508,948.00		
	Sale of Business - Sundry Consideration	-	-	-	-	-	-
	IT	-	-	-	1.00		
	Computer equipment	-	-	-	1.00		
	Books & records	-	-	-	1.00		
	Business name	-	-	-	1.00		
	Cash in stores	-	-	-	1.00		
	Concession Agreements	-	-	-	1.00		
	Other contracts	-	-	-	1.00		
	Payroll processing fees	12,000.00	-	-	12,000.00		
	Cash collateral	-	-	-	152,539.12		
	Purchaser Licence Fees	(910,942.57)	-	-	159,386.73	(27,613.91)	
	Net funds held on behalf of Purchaser after payments	(116,014.95)	(2,843.26)	-	147,658.89	11,316.59	
	Rates Refunds	117,459.37	-	-	237,817.82		
	Sundry Income	(79,348.04)	20,933.62	-	77,965.63	51,753.16	
987,753.00	Cash at Date of Appointment	-	-	-	-	-	-
	In hand and at Bank	-	-	-	44,420.58	438,141.90	22,022.90
	In transit	203,427.28	-	-	953,071.10		
	Bank Interest	8,183.44	-	-	11,283.14		
100,000.00	Income from subsidiaries	-	-	-	-	-	-
	USA	-	-	-	-	-	33,253.00
	Netherlands	-	-	-	-	302,425.18	
	Spain	-	144,000.00	-	-	144,000.00	
	Licence to occupy fees received	23,500.00	-	-	23,500.00		
	Trading surplus/(deficit)	(6,740.34)	-	-	603,514.20	274,303.34	
		(748,475.81)	162,090.36	0.00	10,757,112.21	1,194,326.26	55,275.90

Appendix 2 (continued)

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' summary of Receipts and Payments from 7 September 2019 to 6 March 2020

Per the Estimated Statement of Financial Position £	7 September 2019 - 6 March 2020			7 March 2019 - 6 March 2020		
	GBP	EURO	USD	GBP	EURO	USD
PAYMENTS						
FIXED CHARGE PAYMENTS						
Wells Fargo - Fixed Charge Distribution	-	-	-	1,010,188.11	407,360.44	395,201.19
Bank charges	5.30	-	-	-	364.84	-
Agents Fees	-	-	-	-	375.00	-
	<u>(5.30)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,010,927.95)</u>	<u>(407,360.44)</u>	<u>(395,201.19)</u>
FLOATING CHARGE PAYMENTS						
Joint Administrators Fees	850,000.00	-	-	1,472,947.00	-	-
Joint Administrators Disbursements	-	-	-	60,997.42	-	-
Agents Fees	-	-	-	2,125.00	-	-
Irrecoverable VAT	8,950.00	8,101.56	-	31,087.90	13,279.74	-
Legal Fees and Disbursements	260,083.55	-	-	477,483.80	48,651.50	-
Wells Fargo - Floating Charge Distribution	1,500,000.00	-	-	5,923,528.00	-	16,605.00
Store Closures	-	-	-	213,801.06	-	-
Statutory Advertising	-	-	-	87.48	-	-
Storage Charges	40.92	-	-	125.92	-	-
Other Professional Fees	15,258.16	-	-	40,758.16	-	-
Pre-appointment Fees	-	-	-	214,757.50	-	-
Postage	(243.02)	-	-	(243.02)	-	-
Sundry Expenses	-	-	-	647.36	-	-
Data Room	-	-	-	11,244.67	-	-
Bank charges	(185.09)	18.14	-	2,527.54	847.54	620.85
Costs of Dealing with Subsidiaries	64,680.00	35,224.16	0.00	90,040.00	406,525.97	-
	<u>(2,698,584.52)</u>	<u>(43,343.86)</u>	<u>0.00</u>	<u>(8,541,915.79)</u>	<u>(469,304.75)</u>	<u>(17,225.85)</u>
NET RECEIPTS AND PAYMENTS	<u>(3,427,118.92)</u>	<u>175,328.84</u>	<u>0.00</u>	<u>3,336,694.61</u>	<u>804,383.31</u>	<u>(17,972.34)</u>
REPRESENTED BY						
Interest bearing accounts				2,929,021.90	1,156,525.68	7,188.53
NET VAT Receivable/(Payable)				194,996.05	(100,792.70)	-
Pension Control				(219.07)	-	-
Rent Deposit Control				(30,271.83)	-	-
Foreign Exchange control				-	(33,342.98)	-
Total:				<u>3,093,527.05</u>	<u>1,022,390.00</u>	<u>7,188.53</u>
GBP equivalent				<u>3,093,527.05</u>	<u>916,163.68</u>	<u>5,508.57</u>
Total GBP Equivalent:				<u>4,015,199.30</u>		

Appendix 2 (continued)

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' summary of Receipts and Payments from 7 September 2019 to 6 March 2020

ANALYSIS OF TRADING RECEIPTS & PAYMENTS	7 September 2019 - 6 March 2020			7 March 2019 - 6 March 2020		
RECEIPTS	GBP	EURO	USD	GBP	EURO	USD
POST APPOINTMENT SALES						
Sales - Barclays	142,190.34	-	-	2,967,583.43	-	-
Sales - Paypal	-	-	-	226,909.73	-	-
Sales - AMEX	-	-	-	203,439.34	-	-
Sales - Cash	-	-	-	62,691.38	-	-
Sales - Concessions	31,378.89	-	-	478,623.57	-	-
Sales - Ireland	-	-	-	-	438,229.11	-
	173,569.23	-	-	3,939,247.45	438,229.11	-
COST OF SALES						
Consumables	-	-	-	9,942.22	-	-
Concession fees	-	-	-	14,058.59	-	-
Logistics	46.88	-	-	384,596.29	-	-
Administration Funding Agreement - Fees & Interest	-	-	-	26,472.00	-	-
Merchant & Acquirer Costs	-	-	-	117,195.92	-	-
Stock release fees	-	-	-	24,952.54	-	-
ROT	-	-	-	29,745.00	-	-
Ransom Payments	-	-	-	182,609.10	-	-
	(46.88)	-	-	(789,571.66)	0.00	0.00
TRADING OVERHEADS						
Gross Wages	-	-	-	1,085,468.05	146,416.31	-
Employers NIC	-	-	-	91,734.07	-	-
Employee benefits	-	-	-	2,723.69	-	-
Employee contributions	-	-	-	(1,123.20)	-	-
Contractors	3,690.00	-	-	134,902.40	-	-
Electricity	3,776.66	-	-	26,361.19	-	-
Sundry trading overheads	1,961.98	-	-	3,515.98	-	-
Telephone	-	-	-	65,333.33	-	-
Rates	35,997.20	-	-	171,956.89	-	-
Property Service Charges	2,797.41	-	-	42,295.50	-	-
Rent	-	-	-	-	-	-
Trading period	-	-	-	678,180.07	11,993.42	-
Net (received)/paid on behalf of subtenants	122,271.41	-	-	58,256.03	-	-
Insurance	1,766.26	-	-	6,695.17	-	-
Website Costs	-	-	-	35,608.81	-	-
IT	-	-	-	86,094.30	-	-
Employee Expenses	-	-	-	-	-	-
Pre Appointment Expenses	-	-	-	1,666.05	-	-
Post Appointment Expenses	-	-	-	-	5,516.04	-
Pension Contributions	-	-	-	18,728.34	-	-
Photoshoots & Advertising	-	-	-	4,651.01	-	-
Property Maintenance Costs	8,001.77	-	-	24,994.10	-	-
	(180,262.69)	0.00	0.00	(2,546,161.59)	(163,925.77)	0.00
NET TRADING RECEIPTS/(PAYMENTS)	(6,740.34)	0.00	0.00	603,514.20	274,303.34	0.00
GBP equivalent				603,514.20	245,803.22	0.00
GBP TRADING SURPLUS/(DEFICIT)				849,317.42		

Appendix 2 (continued)

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' summary of Receipts and Payments from 7 September 2019 to 6 March 2020

Notes

1. Receipts and payments are stated net of VAT.
2. "Purchaser Licence fees" relate to rent being held in order to discharge rent on behalf of the Purchaser and will eventually net to zero. The significant movement in the Period relates to funds previously received from the Purchaser, but held by the Joint Administrators, which was paid over to the relevant landlords in the Period.

"Purchaser License Fees" in GBP include licence fees raised for properties in Republic of Ireland, which were paid in GBP by the Purchaser. After the Period, the Joint Administrators intend to transfer funds into the Company's EUR bank account, therefore offsetting the negative balance currently presented for EUR amounts for Purchaser Licence Fees.
3. "Receipts due to Purchaser" are not assets of the administration. They relate to funds received into the Administrators account in relation to the Purchaser's trading period and are due to be transferred to the Purchaser in due course.
4. "Sundry Income" relates to funds receipted which we are yet to reconcile. We are awaiting further details in relation the Company's pre-appointment bank accounts to complete this reconciliation.
5. "Pre-appointment Fees" relate to professional fees incurred by Ernst & Young LLP of £178,439 (£177,053 of time costs and £1,386 of expenses) and £36,619 incurred by DLA Piper UK LLP.
6. "Rent – Paid on behalf of subtenants" relates to amounts paid to the relevant landlord for subtenants which are in occupation of premises covered by the LTO. "Rent – Received on behalf of subtenants" are those amounts by which we have billed subtenants for the period in which they occupy the premises.
7. Some asset realisations reported in the prior period have been re-allocated to alternative asset lines, the totals of which are represented in the cumulative column in the R&P. There are also four transactions which impact the total figures reported in the prior period which were not included in the R&P:

New allocation	Amount	Cash impact on prior period
Concession sales	9,655.91	Nil as offset by line below
Concession fees	(9,655.91)	Nil as offset by line above
Cash at bank on appointment	2,501.47	Increase of £2,501.47
Net bank interest/charges	5.21	Increase of £5.21
	<u>2,506.68</u>	

Appendix 3

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' summary of expenses incurred

	Per estimate dated 1		Incurred as at 6		Incurred in Period		Outstanding		Total estimate as at 6	
	May 2019		September 2019						March 2020	
	GBP	EUR	GBP	EUR	GBP	EUR	GBP	EUR	GBP	EUR
Trading payments										
Logistics	413,449	-	384,549	-	47	-	28,853	-	413,449	-
Administration Funding Facility: Wells Fargo	29,472	-	26,472	-	-	-	3,000	-	29,472	-
Merchant & Acquirer Costs	139,340	-	117,196	-	-	-	22,144	-	139,340	-
Stock Release Fees	25,739	-	24,953	-	-	-	-	-	24,953	-
ROT	-	-	29,745	-	-	-	115,000	-	144,745	-
Ransom Payments	172,609	-	182,609	-	-	-	-	-	182,609	-
Wages	1,090,050	142,238	1,085,468	146,416	-	-	4,582	-	1,090,050	146,416
Employers NI and benefits	94,630	5,000	93,335	-	-	-	1,295	5,000	94,630	5,000
Consumables	14,942	-	9,942	-	-	-	5,000	-	14,942	-
Concession Fees	-	-	14,059	-	-	-	-	-	14,059	-
Contractors	131,262	-	131,212	-	3,690	-	-	-	134,902	-
Electricity	29,005	-	22,585	-	3,777	-	6,238	5,000	32,599	5,000
Telephone	105,333	-	65,333	-	-	-	5,000	5,000	70,333	5,000
Rent and Service Charges	985,533	-	653,663	11,993	125,069	-	10,099	-	788,831	11,993
Rates	400,000	-	135,960	-	35,997	-	28,043	-	200,000	-
Insurance	11,929	-	4,929	-	1,766	-	18,305	-	25,000	-
Website Costs	59,963	-	35,609	-	-	-	24,354	-	59,963	-
IT	112,278	-	86,094	-	-	-	26,184	-	112,278	-
Employee Expenses	9,776	1,028	9,786	5,516	-	-	-	-	9,786	5,516
Pension Contributions	18,727	-	18,728	-	-	-	-	-	18,728	-
Photshoots & Advertising	17,461	-	4,651	-	-	-	12,810	-	17,461	-
Property Maintenance Costs	30,481	-	16,992	-	8,002	-	5,487	-	30,481	-
Sundry Trading Overheads	-	-	1,554	-	1,962	-	5,000	5,000	8,516	5,000
	<u>3,891,979</u>	<u>148,266</u>	<u>3,155,424</u>	<u>163,926</u>	<u>180,310</u>	<u>-</u>	<u>321,394</u>	<u>20,000</u>	<u>3,657,127</u>	<u>183,926</u>
Other payments which are not disbursements										
Insurance	50,000	-	-	-	-	-	25,000	-	25,000	-
Advertising	2,000	-	87	-	-	-	1,913	-	2,000	-
Storage	5,000	-	85	-	41	-	4,874	-	5,000	-
Agent's Costs: Hilco (including store closures)	180,000	-	172,125	-	-	-	-	-	172,125	-
Agent's Costs: Other	30,000	-	44,176	-	-	-	-	-	44,176	-
Legal Costs: DLA Piper	520,000	-	217,400	-	260,084	-	222,516	-	700,000	-
Legal Costs: A&L Goodbody	-	50,000	-	48,652	-	-	-	-	-	48,652
Other professional fees	-	-	25,500	-	15,258	-	25,000	-	65,758	-
Bank charges	-	-	3,072	829	180	18	3,000	500	5,892	1,348
Sundry expenses	-	-	647	-	243	-	39,596	-	40,000	-
Data room	-	-	11,245	-	-	-	-	-	11,245	-
Cost of Dealing with Subsidiaries	-	-	25,360	371,302	64,680	35,224	50,000	-	140,040	406,526
Irrecoverable VAT	-	-	22,138	5,178	8,950	8,102	50,000	-	81,088	13,280
	<u>787,000</u>	<u>50,000</u>	<u>521,836</u>	<u>425,961</u>	<u>348,590</u>	<u>43,344</u>	<u>421,898</u>	<u>500</u>	<u>1,292,324</u>	<u>469,805</u>
Category 1 disbursements										
Specific Penalty Bond	1,280	-	1,280	-	-	-	-	-	1,280	-
Accommodation & Subsistence	40,000	-	35,984	-	989	-	3,027	-	40,000	-
Travel Costs (excluding mileage)	21,000	-	21,875	-	2,096	-	-	-	23,971	-
Postage & Printing	2,750	-	1,616	-	854	-	280	-	2,750	-
	<u>65,030</u>	<u>-</u>	<u>60,755</u>	<u>-</u>	<u>3,940</u>	<u>-</u>	<u>3,307</u>	<u>-</u>	<u>68,001</u>	<u>-</u>
Category 2 disbursements										
Mileage	1,250	-	243	-	-	-	1,007	-	1,250	-
	<u>1,250</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
Total	<u>4,745,259</u>	<u>198,266</u>	<u>3,738,257</u>	<u>589,887</u>	<u>532,839</u>	<u>43,344</u>	<u>747,606</u>	<u>20,500</u>	<u>5,018,702</u>	<u>653,731</u>

Notes

- 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.
- 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

Appendix 3 (continued)

- 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.

3 During the Period, certain expenses have either exceeded, or are expected to exceed (based on revised estimates), the original estimate dated 1 May 2019. Reasons for these expenses exceeding the initial estimate are detailed below:

- Contractors – An increase based on invoices received from contractors used during the Administration Trading Period, which were not included in the original estimate.
- Legal costs – A further increase in our estimate of legal costs included In the Previous Report, primarily due to ongoing property matters.
- Other professional fees – Costs incurred in respect of dealing with appointing a former Company director to deal with the international subsidiaries, including assisting with any potential future asset realisations from these subsidiaries.
- Sundry expenses - Sundry expenses include costs relating to storage and other related case closure costs.

Please refer to the Previous Report for reasons expenses exceeded, or were first identified as being expected to exceed, the original fee estimate dated 1 May 2019.

Appendix 4

L.K. Bennett Limited (in Administration) ('the Company')

Joint Administrators' time costs for the period from 7 September 2019 to 6 March 2020 ('the Period') and cumulative to date, with a comparison to the fee estimate dated 1 May 2019 ('the Fee Estimate')

Activity	Per fee estimate dated 1 May 2019			Actual during the Period			Total actual to 6 March 2020		
	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate
		(£)	(£)		(£)	(£)		(£)	
Accounting and administration	797.8	294,218	369	385.5	128,425	333	1,365.5	498,127	365
Bank & statutory reporting	247.2	141,988	574	76.8	44,977	586	243.3	149,861	616
Creditors	428.2	154,982	362	133.4	42,752	320	448.2	149,549	334
Debtors	322.8	127,830	396	11.1	6,237	562	259.2	88,507	341
Employee matters	441.8	196,956	446	16.1	4,347	270	475.5	196,618	413
Immediate tasks	381.3	180,733	474	-	-	-	408.8	194,050	475
Investigations	103.7	43,109	416	-	-	-	66.7	27,726	416
Job acceptance & strategy	44.5	38,775	871	-	-	-	20.5	20,688	1,009
Legal issues	26.8	16,470	615	-	-	-	13.8	9,389	680
Other assets	604.7	394,993	653	108.5	73,661	679	653.6	437,367	669
Other matters	-	-	-	35.9	20,010	557	49.8	28,422	571
Property	479.2	207,350	433	450.6	197,266	438	927.8	386,161	416
Public relations	40.8	30,693	752	-	-	-	4.8	3,328	693
Retention of title	132.5	47,094	355	-	-	-	106.1	41,471	391
Sale of business	938.1	538,460	574	12.4	6,768	546	803.3	469,728	585
Statutory duties	166.8	52,266	313	25.9	8,214	317	189.5	65,295	345
Trading	1,195.4	592,833	496	170.1	47,238	278	1,260.7	587,472	466
VAT & taxation	218.8	142,358	651	146.1	67,547	462	421.1	279,194	663
Total	6,570.4	3,201,109	487	1,572.4	647,440	412	7,718.2	3,632,952	471

The work completed during the administration, split by activity, is detailed below:

Category of work	Description of work to be completed
Accounting & Administration	<ul style="list-style-type: none"> - Work undertaken in this category is required in order to progress the Administration and does not necessarily result in a direct financial benefit to creditors. However, compliance diaries and time cost reporting are statutory requirements. - Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting - Post-trading reconciliations, including cash to sales reconciliations
Bank & Statutory Reporting	<ul style="list-style-type: none"> - Work undertaken in this category does not result in a direct financial benefit to creditors, however reporting to the Company's secured creditor is done so to provide ongoing updates on the Administration. Six-monthly progress reports and the final report to all creditors is a statutory requirement. - Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report - Regular reporting to Wells Fargo Capital Finance (UK) Limited
Creditors	<ul style="list-style-type: none"> - Work undertaken in this category will result in a financial benefit to creditors, after distributions to the Company's creditors have been made - Receipt and recording of creditor claims - Correspondence with creditors - Adjudicating on claims from preferential and non-preferential unsecured creditors, and processing distributions (as applicable)
Debtors	<ul style="list-style-type: none"> - Work undertaken in this category has resulted in a direct financial benefit to creditors of c.£1.18m (GBP equivalent). Future realisations are uncertain, but are likely to be minimal. - Discussing and agreeing collections of book debts - Written and verbal correspondence with customers, including providing supporting documentation - Monitoring book debt collections - Realising value from book debts
Employee Matters	<ul style="list-style-type: none"> - Work in this category has been undertaken to assist employees during the Administration. Whilst this is not directly linked to a financial benefit to creditors, certain tasks have allowed the Company to continue trading and therefore, facilitated realisations from the Company's assets which will provide a financial benefit to creditors. - Dealing with employees, including receipt and recording of employee claims

	<ul style="list-style-type: none"> - Writing to employees regarding their TUPE transfer or redundancy (where appropriate) - Dealing with ad hoc employee enquiries - Processing payroll for retained employees - Liaising with the Redundancy Payments Service and processing employee claims
Immediate Tasks	<ul style="list-style-type: none"> - <i>Work undertaken in this category is a statutory requirement and did not necessarily result in a direct financial benefit to creditors.</i> - Completion of work streams requiring immediate attention following appointment in order to execute the strategy outlined in the Proposals - Includes attendance at stores upon appointment - All costs under this heading were incurred during the first 5 weeks of the Administration, and no future costs are anticipated
Investigations	<ul style="list-style-type: none"> - <i>Work undertaken in this category is a statutory requirement and did not result in a direct financial benefit to creditors.</i> - Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders" - Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986
Job Acceptance & Strategy	<ul style="list-style-type: none"> - <i>Work undertaken in this category was required to ensure appropriate planning and considerations were completed to enable the Joint Administrators to minimise the disruption to the Company upon entering Administration. As a result, there is an indirect financial benefit to creditors in completing this work.</i> - Matters relating to the appointment, initial planning of the Administration strategy, and formulating and executing the strategy adopted - Considering exit routes from Administration and implementing the most appropriate route as set out in the Joint Administrators' Statement of Proposals
Legal Issues	<ul style="list-style-type: none"> - <i>Work undertaken in this category will not result in a direct financial benefit to creditors but has been required to ensure the Joint Administrators have considered the legal implications on a number of matters during the Administration.</i> - Liaising with the Joint Administrators' appointed legal advisors in connection with various work streams (property, retention of title, trading) - Dealing with any ad hoc legal issues which may arise in the Administration
Other Assets	<ul style="list-style-type: none"> - <i>Work undertaken in this category has resulted in a direct financial benefit to creditors, including c. £238k of rates refunds and rateable value reductions, and c. £426k (at GBP equivalent) realised from overseas subsidiaries.</i> - Dealing with all matters pertaining to the realisation of the Company's wholly owned overseas subsidiaries - Realising value from the Company's residual assets - Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment
Property	<ul style="list-style-type: none"> - <i>Work undertaken in this category has not directly resulted in a financial benefit to creditors, however it has enabled the Company to continue trading from Company premises which in turn has facilitated further asset realisations.</i> - Dealing with all matters relating to the Company's leasehold properties, including correspondence with landlords, local authorities and utility suppliers - Making arrangements for the exit of leasehold premises - Dealing with license to occupy agreement (as outlined in the Joint Administrators' Statement of Proposals)
Public Relations Issues	<ul style="list-style-type: none"> - <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors</i> - Agreeing and issuing statements to the press as required, and dealing with enquiries from the media
Retention of Title	<ul style="list-style-type: none"> - <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors, however it has benefited certain suppliers who had a retention of title claim, thereby reducing the value of unsecured claims which may have been lodged against the Company.</i> - Reviewing retention of title claims from suppliers - Discussions with the purchaser in respect of retention of title claims
Sale of Business	<ul style="list-style-type: none"> - <i>Work undertaken in this category has resulted in a direct financial benefit to creditors of c.£9.81m.</i> - Exploring and executing opportunities to sell the business and/or assets of the Companies - Carrying out the sales process in respect of the business and certain assets of the Company, as outlined in the Proposals - Finalising post-sale matters, including deferred consideration matters
Statutory Duties	<ul style="list-style-type: none"> - <i>Work undertaken in this category is a statutory requirement and has not resulted in a direct financial benefit to creditors.</i> - Completion of statutory requirements of the Administration, including notifications

	to the creditors and members, advertising the appointment and filing documents at Companies House
Trading	<ul style="list-style-type: none"> - <i>Work undertaken in this category has resulted in a direct financial benefit to creditors, specifically as ongoing trading has enabled the Company to achieve a sale of certain business and assets. The latest overall trading profit estimate is £849k (at GBP equivalent). This may change depending on the finalised trading outcome.</i> - Completion of all work associated with trading the business for 5 weeks, including liaising with suppliers and merchant service providers - Monitoring financial information from trading - Dealing with and monitoring ongoing trading strategy in respect of stores, web and concession partners
VAT & Taxation	<ul style="list-style-type: none"> - <i>Work undertaken in this category is a statutory requirement and will not necessarily result in a direct financial benefit to creditors</i> - Filing on appointment notices with HM Revenue & Customs - Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists - Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration - Preparing claims for VAT bad debt relief (if applicable)

The following activities have exceeded the time cost estimate:

- *Accounting & Administration*
The overall management of the case, including treasury and accounting functions, has required a larger amount of time costs to be incurred in these activities.
- *Bank and statutory reporting*
Additional time has been spent in preparing updates to the Company's secured creditor, as well as completing tasks required for statutory compliance.
- *Immediate Tasks*
Additional time costs incurred relating to the immediate actions requiring attention following the appointment in order to execute the strategy outlined in the Proposals.
- *Other assets*
Additional time costs incurred in relation to continue to pursue realisations from the Company's international subsidiaries.
- *Other Matters*
The Fee Estimate had not forecast any time costs for 'Other Matters', however during the Period, we have incurred time costs in relation to various matters including holding team meetings regarding the ongoing strategy of the administration and arranging insurance requirements post-Administration Trading Period.
- *Property*
Time costs have exceeded the estimate as a direct result of the work undertaken to extend the LTO granted to the Purchaser. As a result, work has continued in relation to dealing with landlords, agreeing completions and resolving other property matters.
- *Statutory Duties*
Time costs have been exceeded in 'Statutory Duties' due to the time costs associated with the second deemed approval of the Proposals as referred to in the Previous Report.
- *VAT & Taxation*
There have been number of additional matters to address with regards to VAT and taxation which have caused us to exceed our time costs estimate. These include a large amount of time spent on the Company's first VAT return reconciling the sales and expenses incurred during the Administration Trading Period and ongoing international VAT return submissions. Further, our VAT specialists have incurred time resolving the Company's removal from the previous VAT group and ensuring a new VAT registration was applied for accordingly.