

TO ALL KNOWN CREDITORS AND MEMBERS

30 September 2022

Ref: LKB/DH/MW/ES/D10.1

Please contact Andy Pelenski
andy.pelenski@parthenon.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 March 2022 to 6 September 2022** (“the Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals dated 2 May 2019 (“the Proposals”) and our previous reports dated 7 October 2019, 2 April 2020, 2 October 2020, 30 March 2021, 1 October 2021 and 1 April 2022 (“the Previous Reports”).

With effect from 27 June 2022 R H Kelly resigned as Joint Administrator of the Company as he retired from the EY partnership on 30 June 2022. His resignation as Joint Administrator will have no impact on the Administration of the Company as D C Hurd and C A Lewis continue to remain in office.

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

Summary of progress since the Previous Reports

Trading

Concession sales

As previously reported, the Joint Administrators have been liaising with a small number of the Company’s former concession partners and LK Bennett Fashion Limited (formerly Byland UK Limited) in respect of sales made during the administrators’ trading period (“Administration Trading Period”), to ascertain whether any of these sales are due to the Company.

During the Period £10,822 was received from one of the Company’s former concession partners and there remains one further potential realisation which we are continuing to pursue.

Property

Lease assignment

During the Period the Joint Administrators completed an assignment of the Company’s lease at 38b High Street, Wimbledon (“the 38b Property”), to the landlord.

Rent totalling £13,541, which had been paid by a sub-tenant of the property to the Company in a prior period, was transferred to the landlord of the 38b Property on completion of the assignment.

Litigation

As previously reported we are pursuing the recovery of sums due to the Company from the landlord of a leasehold property and a sub-tenant at another leased property.

Due to the commercial sensitivity of these claims, we are unable to disclose further information and will update creditors on the outcome of these claims in a future report.

International subsidiaries

The liquidation of LK Bennett Paris SARL is still progressing. The Company has lodged a claim of €2.6m with the judicial liquidator, which has been accepted. The judicial liquidator has not been able to specify quantum or a timeframe for the distribution due to an ongoing litigation. Since we last reported, there are no further updates in respect of International subsidiaries.

Litigation claims

As previously reported the Company is a claimant in financial litigation proceedings, the details of which remain confidential. The Company was party to the claim prior to the appointment of the Joint Administrators, and we have allowed the incumbent lawyers to continue as before on a contingent fee basis. It remains too early to evaluate the quantum or likelihood of any realisations in this regard. However, we anticipate a resolution to the proceedings within the next six months.

Bank interest

Bank interest totalling £473 has been received in the Period from cash held in interest bearing bank accounts, resulting in a total of £18,937 of interest received during the administration to date.

Tax affairs

International VAT

As previously reported, international tax was payable on certain sales in the Administration Trading Period. Colleagues within EY's Indirect Tax team are assisting the Joint Administrators with finalising tax matters in the various jurisdictions and obtaining the necessary tax clearances. This work remains ongoing.

Republic of Ireland VAT

VAT due on sales during the Administration Trading Period in relation to the Company's Republic of Ireland branches has been paid in the Period totalling £111,000. Colleagues within EY's Republic of Ireland Indirect Tax team have been paid costs of €2,000 in the Period for submitting the VAT return on our behalf and seeking the necessary tax clearances.

Receipts and payments account

A summary of our receipts and payments for the period from 7 March 2022 to 6 September 2022 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.

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

As previously reported, as at March 2022 we had exceeded our fee estimate by c.£1.59m. This was largely a result of:

- additional time incurred relating to property matters as a result of finalising the License to Occupy granted to LK Bennett Fashion Limited (formerly Byland UK Limited) ensuring potential rates rebates identified were paid to the Company and pursuing the recovery of funds from a landlord and sub-tenant;
- additional time spent dealing with trading and in particular concession store sales reconciliations to ensure all monies owed to the Company were received;
- additional time dealing with the Company's international subsidiaries resulting in additional realisations (e.g. USA, Netherlands and Spain) and further potential realisation from LK Bennett Paris SARL;
- and
- VAT and corporation taxation matters requiring specialist input to try to limit potential liabilities and obtain any relevant repayments.

During the Period we wrote to the secured and preferential creditors with a revised fee estimate dated 23 June 2022 totalling £4,998,198, seeking their approval for an increase in the Joint Administrators' remuneration.

The basis of the increase in remuneration was:

- £400,000 of additional fees, above the £3,201,109 already approved, as a contribution towards some of the additional time costs already incurred in the Administration.
- A £60,000 additional fixed fee as a contribution towards ongoing time costs and to the costs of making distributions to the unsecured creditors.

- 50% of any additional asset realisations, with the intention that we are able to recover time costs incurred in attempting to realise the final, more challenging realisations outlined earlier in this report.

We received approval for the above basis of remuneration from the secured creditors by 29 June 2022 and approval was received from the preferential creditors via a decision procedure on 29 July 2022.

During the Period, we incurred time costs of £316,093, bringing cumulative total time costs incurred during the administration to £5,115,592 as at 6 September 2022. To confirm, whilst these time costs exceed the revised fee estimate of £4,998,198, we do not intend to seek additional remuneration above the levels detailed approved by the secured and preferential creditors.

We have drawn remuneration of £450,000 in the Period, so cumulatively during the administration remuneration totalling £3,072,947 has been drawn.

An analysis of the time spent, and a comparison with the revised fee estimate dated 23 June 2022 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.

Joint administrators' statement of expenses incurred

During the Period, we have incurred administration expenses (GBP) totalling £18,492 (exclusive of VAT) and €113,001. 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 included within the Joint Administrators' Proposals 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.

A total of c.£7.9m (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. A total of c.\$1.8m 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. Furthermore, the Joint Administrators also understand from discussions with Wells Fargo that it has utilised part of the £1m cash collateral previously provided by Cavendish Holdco Limited (formerly L.K. Bennett London Limited), the Company’s parent (“CHL”), in order to reduce its exposure. As a result, Wells Fargo’s secured debt has been repaid in full.

As Wells Fargo utilised part of the cash collateral and under the general principles of subrogation, CHL benefits from the security granted by the Company in favour of Wells Fargo for the amount applied from the cash collateral to reduce Wells Fargo’s exposure.

During the Period a distribution of £273,953.81 has been paid to CHL, settling the secured liability in full.

Preferential creditors

As previously reported a dividend of 100p in the pound was declared on 7 December 2020 in respect of the claims of preferential creditors and paid to the preferential creditors on 10 December 2020 in discharge of their claims in full.

Non-preferential unsecured creditors

As communicated in the Proposals and the Previous Reports, the Company’s books and records indicate that non-preferential claims could total approximately £33.71m. We have received claims from non-preferential unsecured creditors of the Company totalling £35.0m to date, which are still subject to adjudication. Creditors that have not yet submitted claims are invited to do so by completing the proof of debt form at Appendix 5 and emailing it to lkbcreditors@uk.ey.com.

At this time, we continue to estimate that there will be insufficient funds to enable a distribution to unsecured creditors other than by virtue of the Prescribed Part. Any distribution above the Prescribed Part is wholly dependent on the outcome of future asset realisations as outlined earlier within this report.

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.

The Joint Administrators estimate the value of the Prescribed Part to be £600,000 before the costs of dealing with the Prescribed Part.

Remaining work

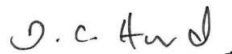
We continue to deal with the administration in line with the objectives stated in the Proposals. Future tasks will include, but are not limited to, the following:

- Finalising the administration trading account, including reconciling concession sales;
- To monitor the viability and progress of the Company's claim in financial litigation proceedings;
- Continue to pursue the recovery of funds due to the Company from certain landlords/sub-tenants, proceeding with legal action where applicable;
- To submit final VAT returns in the UK and overseas and settle any liabilities due to local tax authorities and/or procure receipts of any VAT reclaims;
- Submit UK corporation tax returns for the remainder of the administration;
- To monitor the progress of the insolvencies of the Company's overseas subsidiaries;
- Dealing with statutory reporting and compliance obligations, including reporting to creditors;
- Making further distributions to the secured creditor(s) if required;
- Agreeing unsecured creditor claims and distributing amounts due to unsecured creditors (by virtue of the Prescribed Part);
- To settle all administration costs including legal, professional and the Joint Administrators' fees;
- 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
Appendix 5 – Creditors proof of debt form

On 7 March 2019, the Company entered Administration, and D C Hurd, C A Lewis and R H Kelly were appointed as Joint Administrators ('the Administrators'). The appointment was made by the Company's director under the provisions of Paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

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

R H Kelly, a licensed insolvency practitioner to act in the United Kingdom by the Institute of Chartered Accountants of Scotland, resigned as Joint Administrator on 27 June 2022.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), 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 administration extension(s):	Administration extended with secured and preferential creditor approval to 6 March 2021 Administration extended by order of the court to 6 March 2022 Administration extended by order of the court to 6 March 2023
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd, Craig Anthony Lewis Robert Hunter Kelly, resigned on 27 June 2022
Office holder number(s):	20030, 8582 and 9356
Administrators' address(es):	Daniel Christopher Hurd, Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ 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 March 2022 to 6 September 2022 and cumulative to date

		Joint Administrators' Summary of Receipts & Payments			7 March 2022 - 6 September 2022			7 March 2019 - 6 September 2022		
Per the Estimated Statement of Financial Position										
£		RECEIPTS	GBP	EURO	USD	GBP	EURO	USD		
915,984.00	FIXED CHARGE ASSETS	Bank Interest	385.49	-	-	6,460.32	-	-	-	-
		Debtors	-	-	-	2,096.67	376,060.87	339,178.80	-	-
		Wholesale Concession	-	-	-	509,891.26	131,954.87	-	-	-
1,474,993.00		Customer List	-	-	-	1.00	-	-	-	-
		Goodwill	-	-	-	1.00	-	-	-	-
		Intellectual Property	-	-	-	1,474,991.00	-	-	-	-
		Pre Appointment Insurance Claims	-	-	-	181,076.31	-	-	-	-
			<u>385.49</u>	<u>-</u>	<u>-</u>	<u>2,174,517.56</u>	<u>508,015.74</u>	<u>339,178.80</u>		
825,000.00	FLOATING CHARGE ASSETS	Equipment	-	-	-	825,000.00	-	-	-	-
7,508,000.00		Stock (including deferred consideration)	-	-	-	7,508,948.00	-	-	-	-
		Sale of Business - Sundry Consideration	-	-	-	1.00	-	-	-	-
		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	-	-	-	-
		Cash Collateral	-	-	-	152,539.12	-	-	-	-
		Purchaser Licence Fees	-	-	-	25,165.68	-	-	-	-
		Net funds held on behalf of Purchaser after payments	(10,822.00)	-	-	31,107.17	-	-	-	-
		Rates Refunds	-	-	-	287,970.59	-	-	-	-
987,753.00		Sundry Income	2,250.00	-	-	71,315.75	-	-	-	-
		Cash at Date of Appointment	-	-	-	-	-	-	-	-
		In hand and at Bank	-	-	-	134,513.72	438,141.90	22,022.90	-	-
		In transit	-	-	-	953,071.10	-	-	-	-
100,000.00		Bank Interest	87.65	-	-	12,476.44	-	-	-	-
		Income from subsidiaries	-	-	-	-	-	-	-	-
		USA	-	-	-	-	-	33,253.00	-	-
		Netherlands	-	-	-	-	302,425.18	-	-	-
		Spain	-	-	-	-	144,000.00	-	-	-
		Licence to occupy fees received	-	-	-	26,000.00	-	-	-	-
		Trading surplus/(deficit)	(2,719.67)	-	-	598,824.06	277,594.08	-	-	-
			<u>(11,204.02)</u>	<u>-</u>	<u>-</u>	<u>10,626,938.63</u>	<u>1,162,161.16</u>	<u>55,275.90</u>		
Per the Estimated Statement of Financial Position		7 March 2022 - 6 September 2022			7 March 2019 - 6 September 2022					
£		PAYMENTS	GBP	EURO	USD	GBP	EURO	USD		
	FIXED CHARGE PAYMENTS	Wells Fargo - Fixed Charge Distribution	-	-	-	1,010,188.11	407,360.44	395,201.19		
		Bank charges	0.30	-	-	375.44	-	-		
		CHL - Fixed Charge Distribution	273,953.81	-	-	273,953.81	-	-		
		Administration Fees	450,000.00	-	-	450,000.00	-	-		
		Agents Fees	-	-	-	375.00	-	-		
			<u>(723,954.11)</u>	<u>-</u>	<u>-</u>	<u>(1,734,892.36)</u>	<u>(407,360.44)</u>	<u>(395,201.19)</u>		
	FLOATING CHARGE PAYMENTS	Joint Administrators Fees	-	-	-	2,622,947.00	-	-		
		Joint Administrators Disbursements	-	-	-	60,997.42	-	-		
		Agents Fees	-	-	-	2,125.00	-	-		
		Irrecoverable VAT	-	-	-	46,710.31	11,248.02	-		
		International VAT payments	-	-	-	17,333.92	-	-		
		Legal Fees and Disbursements	-	-	-	666,937.89	48,651.50	-		
		Wells Fargo - Floating Charge Distribution	-	-	-	6,173,528.00	-	16,605.00		
		Store Closures	-	-	-	213,801.06	-	-		
		Statutory Advertising	-	-	-	87.48	-	-		
		Storage Charges	1,534.44	-	-	8,600.03	-	-		
		Other Professional Fees	-	2,000.00	-	72,298.85	-	-		
		Pre-appointment Fees	-	-	-	214,757.50	-	-		
		Sundry Expenses	-	-	-	847.36	-	-		
		Data Room	-	-	-	11,244.67	-	-		
		Bank charges	5.94	0.54	-	2,583.13	868.31	620.85		
		Costs of Dealing with Subsidiaries	-	-	-	87,942.12	406,625.97	-		
		Corporation tax	-	-	-	2,974.36	-	-		
		Insurance	1,232.00	-	-	3,696.00	-	-		
			<u>(2,772.38)</u>	<u>(2,000.54)</u>	<u>-</u>	<u>(10,209,212.10)</u>	<u>(467,293.80)</u>	<u>(17,225.85)</u>		
		Distributions to preferential creditors	-	-	-	(35,703.52)	-	-		
	NET RECEIPTS AND PAYMENTS		<u>(737,545.02)</u>	<u>(2,000.54)</u>	<u>0.00</u>	<u>821,648.21</u>	<u>795,522.66</u>	<u>(17,972.34)</u>		
	REPRESENTED BY	Interest bearing accounts	(658,191.53)	(233,161.93)	-	1,404,555.51	-	-		
		NET VAT Receivable/(Payable)	21,971.58	110,939.00	-	92,553.11	(0.32)	-		
		Pension Control	-	-	-	(219.07)	-	-		
		Rent Deposit Control	-	-	-	-	-	-		
		Foreign Exchange control	-	18,897.32	-	-	100,201.51	2,097.79		
		Total:	<u>(636,219.95)</u>	<u>(103,325.61)</u>	<u>-</u>	<u>1,496,899.55</u>	<u>100,201.19</u>	<u>2,097.79</u>		
	GBP equivalent					1,496,899.55	86,002.68	1,816.90		
	Total GBP Equivalent:					<u>1,584,719.13</u>				

Appendix 2 (continued)

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

Joint Administrators' summary of Receipts and Payments from 7 March 2022 to 6 September 2022 and cumulative to date continued

ANALYSIS OF TRADING RECEIPTS & PAYMENTS	7 March 2022 - 6 September 2022			7 March 2019 - 6 September 2022		
	GBP	EURO	USD	GBP	EURO	USD
RECEIPTS						
POST APPOINTMENT SALES						
Sales - Barclays	-	-	-	2,963,032.78	-	-
Sales - Paypal	-	-	-	226,910.33	-	-
Sales - AMEX	-	-	-	203,439.34	-	-
Sales - Cash	-	-	-	104,000.55	-	-
Sales - Concessions	10,822.00	-	-	496,857.35	-	-
Sales - Ireland	-	-	-	-	462,363.22	-
	10,822.00	-	-	3,994,240.35	462,363.22	-
COST OF SALES						
Consumables	-	-	-	9,942.22	-	-
Concession fees	-	-	-	11,062.99	-	-
Logistics	-	-	-	390,960.42	-	-
Administration Funding Agreement - Fees & Interest	-	-	-	26,472.00	-	-
Merchant & Acquirer Costs	-	-	-	122,827.05	-	-
Stock release fees	-	-	-	24,952.54	-	-
ROT	-	-	-	29,745.00	-	-
Ransom Payments	-	-	-	182,609.10	-	-
	-	-	-	(798,571.32)	-	-
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	-	-	-	134,902.40	-	-
Electricity	-	-	-	27,054.45	-	-
Sundry trading overheads	-	-	-	3,515.98	11,280.55	-
Telephone	-	-	-	65,333.33	-	-
Rates	-	-	-	175,572.96	-	-
Property Service Charges	-	-	-	42,160.70	-	-
Rent						
Trading period	13,541.67	-	-	646,378.98	21,556.24	-
Net paid/received on behalf of subtenants	-	-	-	68,737.54	-	-
Insurance	-	-	-	50,124.80	-	-
Website Costs	-	-	-	36,100.04	-	-
IT	-	-	-	109,043.54	-	-
Employee Expenses						
Pre Appointment Expenses	-	-	-	1,666.05	-	-
Post Appointment Expenses	-	-	-	8,119.81	5,516.04	-
Pension Contributions	-	-	-	18,728.34	-	-
Photoshoots & Advertising	-	-	-	5,609.34	-	-
Property Maintenance Costs	-	-	-	24,994.10	-	-
	- 13,541.67	-	-	(2,596,844.97)	(184,769.14)	-
NET TRADING RECEIPTS/(PAYMENTS)	(2,719.67)	-	-	598,824.06	277,594.08	-

Notes

- Receipts and payments are stated net of VAT.
- "Purchaser Licence fees" relate to rent being held in order to discharge rent on behalf of the Purchaser and will eventually net to zero. Whilst matters relating to the LTO have been finalised, the Joint Administrators still retain certain funds which may or may not be due back to the Purchaser, depending on the outcome of certain property matters. Any updates will be provided in our next report.
- The exchange rates used for the Period were 0.8583 and 0.8661 for EUR and USD balances respectively.

4. "Net funds held on behalf of Purchaser after payments" – are not necessarily assets of the administration. A proportion of these 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. The total sum of £10,822 has been paid in the Period and relates to concession monies transferred to LK Bennett Fashion Limited.
5. "Sundry income" – the receipt of £2,250 relates to a contribution towards the costs incurred by the Joint Administrators in relation to the assignment of the lease for the 38b Property.

Appendix 3

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

Joint Administrators' summary of expenses incurred

	Per estimate dated 1 May 2019		Paid as at 6 March 2022		Paid in Period		Outstanding		Total estimate as at 6 September 2022	
	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €
Trading payments										
Logistics	413,449	-	390,960	-	-	-	-	-	390,960	-
Administration Funding Facility: Wells Fargo	29,472	-	26,472	-	-	-	-	-	26,472	-
Merchant & Acquirer Costs	139,340	-	122,827	-	-	-	-	-	122,827	-
Stock Release Fees	25,739	-	24,953	-	-	-	-	-	24,953	-
ROT	-	-	29,745	-	-	-	-	-	29,745	-
Ransom Payments	172,609	-	182,609	-	-	-	-	-	182,609	-
Wages	1,090,050	142,238	1,085,468	146,416	-	-	-	-	1,085,468	146,416
Employers NI and benefits	94,630	5,000	93,335	-	-	-	-	-	93,335	-
Consumables	14,942	-	9,942	-	-	-	-	-	9,942	-
Concession Fees	-	-	11,063	-	-	-	-	-	11,063	-
Contractors	131,262	-	134,902	-	-	-	-	-	134,902	-
Electricity	29,005	-	27,054	-	-	-	-	-	27,054	-
Telephone	105,333	-	65,333	-	-	-	-	-	65,333	-
Rent and Service Charges*	985,533	-	743,736	21,556	13,542	-	-	-	757,277	21,556
Rates	400,000	-	175,573	-	-	-	-	-	175,573	-
Insurance	11,929	-	50,125	-	-	-	-	-	50,125	-
Website Costs	59,963	-	36,100	-	-	-	-	-	36,100	-
IT	112,278	-	109,044	-	-	-	-	-	109,044	-
Employee Expenses	9,776	1,028	9,786	5,516	-	-	-	-	9,786	5,516
Pension Contributions	18,727	-	18,728	-	-	-	-	-	18,728	-
Photoshoots & Advertising	17,461	-	5,609	-	-	-	-	-	5,609	-
Property Maintenance Costs	30,481	-	24,994	-	-	-	-	-	24,994	-
Sundry Trading Overheads*	-	-	3,516	11,281	-	-	-	-	3,516	11,281
	3,891,979	148,266	3,381,875	184,769	13,542	-	-	-	3,395,416	184,769
Other payments which are not disbursements										
Insurance	50,000	-	2,464	-	1,232	-	1,768	-	5,464	-
Advertising	2,000	-	87	-	-	-	-	-	87	-
Storage	5,000	-	7,066	-	1,534	-	8,586	-	17,186	-
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	-	666,938	-	-	-	90,000	-	756,938	-
Legal Costs: A&L Goodbody	-	50,000	-	48,652	-	-	-	-	-	48,652
Other professional fees	-	-	70,299	-	-	2,000	3,000	-	75,299	-
Bank charges	-	-	2,952	868	6	1	500	200	3,459	1,068
Sundry expenses	-	-	647	-	-	-	1,000	-	1,647	-
Data room	-	-	11,245	-	-	-	-	-	11,245	-
Cost of Dealing with Subsidiaries	-	-	87,942	104,101	-	-	20,000	-	107,942	104,101
International VAT liability	-	-	17,334	-	-	111,000	-	-	17,334	111,000
Irrecoverable VAT	-	-	46,710	11,248	-	-	-	-	46,710	11,248
Corporation tax	-	-	2,974	-	-	-	3,000	-	5,974	-
	787,000	50,000	1,132,960	164,868	4,773	113,001	127,854	200	1,265,586	276,069
Category 1 disbursements										
Professional Services	-	-	-	-	1,716	-	1,716	-	-	-
Specific Penalty Bond	1,280	-	1,280	-	-	-	-	-	1,280	-
Accommodation & Subsistence	40,000	-	36,973	-	-	-	-	-	36,973	-
Travel Costs (excluding mileage)	21,000	-	23,971	-	53	-	-	-	24,024	-
Postage & Printing	2,750	-	3,075	-	119	-	2,000	-	5,194	-
	65,030	-	65,299	-	172	-	2,000	-	67,471	-
Category 2 disbursements										
Mileage	1,250	-	243	-	5	-	-	-	248	-
	1,250	-	243	-	5	-	-	-	248	-
Total	4,745,259	198,266	4,544,449	349,637	18,492	113,001	129,854	200	4,728,722	460,838

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. Some of the entries above are reallocation of costs between different expense codes already incurred in prior periods.

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.

3 The €2,000 of Other professional fees relates to fees paid to Ernst & Young Business Advisors in the Period and EY ROI for tax work as noted earlier within the report.

4 The €111,000 payment is in relation to VAT liabilities in ROI.

5 The £1,232 of Insurance payments relates to Open Insolvency Cover provided by Marsh.

6 Storage Charge payments of £1,534 relate to the secure storage, destruction, and delivery of Company records.

7 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:

- Storage –This is currently an estimate as we are still liaising with the storage providers to determine the level of future costs.
- Postage and Printing – Estimated costs for future distributions to creditors.

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

** Includes adjustments for expenses incurred in the prior periods.*

Appendix 4

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

Joint Administrators' time costs for the period from 7 March 2022 to 6 September 2022 ("the Period") and cumulative to date, with a comparison to the revised fee estimate dated 23 June 2022 ("the Revised Fee Estimate").

Activity	Revised fee estimate dated 23 June 2022		Actual during the Period			Total from 7 March 2019 to 6 September 2022		
	Total estimated cost		Total hours	Total time cost (£)	Average hourly rate (£)	Total hours	Total time cost (£)	Average hourly rate (£)
	Estimated future hours	cost (£)						
Accounting and administration	65.0	789,642	176.9	109,132	617	2,149.4	874,223	407
Bank & statutory reporting	60.0	395,555	39.2	29,575	754	616.9	387,826	629
Creditors	-	232,789	13.3	7,798	586	590.8	200,061	339
Debtors	-	115,554	-	-	-	301.8	115,554	383
Employee matters	-	217,561	0.5	223	445	532.1	217,783	409
Immediate tasks	-	200,284	35.0	9,100	260	468.8	209,384	447
Investigations	-	27,726	-	-	-	66.7	27,726	416
Job acceptance & strategy	-	20,688	-	-	-	20.5	20,688	1,009
Legal issues	35.0	45,416	16.3	11,501	706	48.0	33,105	690
Other assets	-	480,515	17.2	12,947	753	727.9	493,462	678
Other matters	-	144,156	12.0	9,420	785	218.3	153,576	704
Property	60.0	525,902	106.0	82,575	779	1,239.7	582,618	470
Public relations	-	3,328	-	-	-	4.8	3,328	693
Retention of title	-	41,471	-	-	-	106.1	41,471	391
Sale of business	-	469,728	-	-	-	803.3	469,728	585
Statutory duties	80.0	161,018	26.1	18,472	708	334.3	151,309	453
Trading	-	651,491	0.7	550	785	1,381.4	652,041	472
VAT & taxation	30.0	475,374	36.6	24,803	678	789.0	481,708	611
Total	330.0	4,998,198	479.8	316,093	659	10,399.8	5,115,592	492

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"> - Time costs in this category have exceeded our original estimate. The work undertaken is required to progress the Administration and does not necessarily result in a direct financial benefit to creditors. However, a number of the tasks are statutory requirements. - Time has been incurred and is forecast to be incurred on the following tasks: - The overall management of the case. - Treasury and accounting functions (payments, remittances, journals, bank reconciliations, account closures and processing distributions). - Statutory compliance diaries and 6-month case reviews. - Time cost reporting. - Settlement of all administration costs including legal, professional and the Joint Administrators' fees.
Bank & Statutory Reporting	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimate. The work undertaken does not result in a direct financial benefit to creditors, however, providing six-monthly progress reports to all creditors and members is a statutory requirement. - Time has also been incurred, and will continue to be incurred reporting and liaising with the secured creditors, including: - Preparing Administrators statutory six-monthly reports to creditors. - Liaising with secured creditors regarding the status of the Administration. - Making distributions from the Company and also distributions paid under its cross-collateralised facilities between the US and the UK.
Creditors	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimate. This work will result in a financial benefit to creditors as we will be distributing the prescribed part in full or converting to a Creditors' Voluntary Liquidation, if net realisations exceed the maximum prescribed part. - Time has been and will continue to be incurred on the following: - Continue to receive and record creditor claims.

	<ul style="list-style-type: none"> - Respond to additional creditor queries, including those from landlords. The volume of creditor queries has been higher than we originally expected. - Adjudicating on claims from preferential and non-preferential unsecured creditors, and processing any distributions.
Debtors	<ul style="list-style-type: none"> - Time costs in this category did not exceed our original estimate. The work undertaken has resulted in a direct financial benefit to creditors of c.£1.2m (GBP equivalent). - Time has been incurred on the following tasks: <ul style="list-style-type: none"> - Devising and implementing the debtor realisation strategy. - Written and verbal correspondence with customers, including preparing and providing supporting documentation and reconciliations on a customer by customer basis. - Monitoring book debt collections and implementing further actions in the event of non-payment.
Employee Matters	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimates. 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. - Time has been incurred on the following tasks: <ul style="list-style-type: none"> - Dealing with employees, including receipt and recording of employee claims. - Dealing with employees regarding their TUPE transfer or redundancy. - Dealing with a higher number of ad hoc employee enquiries that we originally anticipated. - Liaising with the Redundancy Payments Service and processing employee claims. - Processing payroll for retained employees including on behalf of the Purchaser post sale.
Immediate Tasks	<ul style="list-style-type: none"> - The work undertaken is a statutory requirement and did not necessarily result in a direct financial benefit to creditors. - Time was incurred on the following tasks: <ul style="list-style-type: none"> - Completion of work streams requiring immediate attention following appointment in order to execute the strategy outlined in the Proposals. - Includes EY personnel attendance at each of the stores on appointment to protect the assets of the Company. - We do not expect to incur any further costs in this category.
Investigations	<ul style="list-style-type: none"> - Time costs in this category will not exceed our original estimates. The work undertaken is a statutory requirement and has not resulted in a direct financial benefit to creditors. - We do not expect to incur any further costs in this category.
Job Acceptance & Strategy	<ul style="list-style-type: none"> - Time costs in this category will not exceed our original estimates. The work undertaken was required to ensure appropriate planning and considerations to enable the Joint Administrators to minimise the disruption to the Company upon entering Administration. As a result, there was an indirect financial benefit to creditors in completing this work. - We do not expect to incur any further costs in this category.
Legal Issues	<ul style="list-style-type: none"> - Time costs in this category are forecast to exceed our original estimate. The time incurred is required to ensure the Joint Administrators considered the legal implications on a number of matters during the Administration and therefore mitigated the risk of claims which could negatively impact the overall outcome of the Administration. - Time has been and will be incurred on the following tasks: <ul style="list-style-type: none"> - 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 arose in the Administration. - We expect to incur further time in this category as we will need to liaise with DLA Piper UK LLP ("DLA") in connection with various work streams, including finalising property matters.
Other Assets	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimate. The work undertaken has resulted in financial benefit to creditors. A significant proportion of time dealing with overseas subsidiaries is included in this category. - The time spent has resulted in c.£0.3m uplift in realisations from overseas subsidiaries compared to our original estimates, including £129,000 from LK Bennett Iberian S.L (a Spanish subsidiary with a Portuguese branch). - Liaising with the US subsidiary has resulted in \$1.8m being paid to Wells via cross collateralised facilities. - Monitoring the insolvency process of LK Bennett Paris SARL. A €2.6m claim has been accepted by the liquidator of that company. We will continue to seek updates from the French liquidator but it is too early to determine the timing or quantum of any distribution to the Company.

	<ul style="list-style-type: none"> - Through diligently progressing the administration we have secured other miscellaneous realisations, including: - c.£523k of additional cash in pre-appointment accounts, cash collection facilities and merchant services. - £181k of pre-appointment insurance claims
Property	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimate. The work undertaken has resulted in a direct financial benefit for creditors including rates refunds and recovery of sub-tenant rent. Some of the work has less of a direct financial benefit to creditors although it has mitigated the level of potential claims from landlords. - As part of the sale to Byland, the Joint Administrators granted a Licence to Occupy ("LTO") in respect of the Company's former head office and nineteen of the Company's stores. The LTO was subsequently extended which was not originally forecast. - Additional time was also incurred to agree a further LTO extension, however this was not finalised. - Of the 20 properties we originally provided an LTO for, eight have been assigned to Byland, eight surrendered and four vacated. Of the four properties vacated, three of these have not yet had a formal surrender or assignment agreed with the landlord. These continue to be progressed and incur time. - With the assistance of the Company's lawyers, DLA Piper UK LLP ("DLA"), we are also pursuing the recovery of a repayment due to the Company from the landlord of one of the properties. - We are also continuing to progress matters relating to sub-tenants, including pursuing the sub-tenant at the Company's former Head Office in respect of arrears due to the Company. - We have also secured business rates refunds at £287k from the additional work performed.
Public Relations Issues	<ul style="list-style-type: none"> - Time costs in this category will not exceed our original estimate. The work undertaken in this category has not resulted in a direct financial benefit to creditors. - No further time costs are expected to be incurred in this category.
Retention of Title	<ul style="list-style-type: none"> - Time costs in this category will not exceed our original estimate. The work undertaken has resulted in a direct financial benefit to creditors given it has directly reduced amounts potentially payable under an ROT claim. - Time has been incurred on the following tasks: - ROT claims totalling c.£0.75m were submitted by suppliers in respect of assets which were in the Company's possession at the date of the Administrators' appointment, but which the Company had not paid for. - Through the work performed, ROT claims at only £37k were settled by the Joint Administrators. - No further time costs are expected to be incurred in this category
Sale of Business	<ul style="list-style-type: none"> - Time costs in this category will not exceed our original estimate. The work undertaken resulted in a direct financial benefit to creditors of c.£9.81m. - We do not expect our time costs to exceed our original estimates in this category.
Statutory Duties	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimate. The work undertaken has not resulted in a direct financial benefit to creditors, however it is a statutory requirement. - Time costs have been incurred in extending the administration in order to continue to maximise realisations. The Administrators' statutory duties have and will include: - Reporting the progress of the Administration every 6 months to creditors and Companies House. - Providing notices of the extensions to the Administration to creditors and Companies House. - Seeking approval for an increase in the Joint Administrators' fees.
Trading	<ul style="list-style-type: none"> - Time costs in this category have exceeded our original estimates. The work undertaken has resulted in a direct financial benefit to creditors. The Company has achieved a trading surplus of c.£831k (at GBP equivalent). - Time has been incurred and is forecast to be incurred on the following tasks: - Time and work associated with trading the business for 5 weeks, including strategy, store closure decisions, liaising with concession partners, customers, suppliers and merchant service providers. - Dealing with and monitoring ongoing trading strategy in respect of stores, web and concession partner including liaising with concession partners and the Purchaser to obtain accurate financial information. - Monitoring the trading financial performance on a daily basis. - Additional time spent dealing with trading and in particular concession store partners and LK Bennett Fashion Limited (the "Purchaser") in order to ensure all monies owed to the Company were paid. This has resulted in further extensive

	<i>dialogue with the concession partners and the Purchaser including time spent on concession store reconciliations to finalise the trading accounts.</i>
VAT & Taxation	<ul style="list-style-type: none">- <i>Time costs in this category have exceeded our original estimates. The work undertaken is a statutory requirement and will result in a direct financial benefit to creditors.</i>- <i>We have incurred more time than originally anticipated dealing with VAT and Corporation tax related matters. The main additional areas of work are:</i>- <i>Time resolving the Company's removal from the previous VAT group and ensuring a new VAT registration was applied for accordingly.</i>- <i>Calculating the VAT liability for online sales to non-UK jurisdictions with minimal pre-appointment information or registration numbers. We are legally obliged to report the Company's sales and account for the related VAT liability. Without direct access to the different VAT authorities this has proven to be particularly time consuming and has involved specialist advice from EY VAT teams where necessary.</i>- <i>Further work is required to finalise VAT liabilities in Poland, Germany, and Romania.</i>- <i>A corporation tax return also had to be prepared and submitted for Republic of Ireland given the Company operated branches there during the trading period.</i>- <i>The Company is due a c.£69k reclaim of VAT from HMRC. We are liaising with HMRC with a view to realising the reclaim for the benefit of the creditors of the Company as soon as possible.</i>- <i>While the complications with international VAT authorities and the requirement for international corporation tax returns has resulted in time costs being higher than originally forecast, the time properly spent in dealing with the different tax regimes minimises the risk that Company received fines or penalties from other jurisdictions which would reduce the overall financial outcome.</i>- <i>Preparing claims for VAT bad debt relief (if applicable)</i>
