

TO ALL KNOWN CREDITORS AND MEMBERS

1 October 2021

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

Please contact Emma Savage
Emma.savage@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 2021 to 6 September 2021** (“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 and 30 March 2021 (“the Previous Reports”).

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

Summary of progress since the Previous Reports

Trading

Trading outcome

Work has been undertaken during the Period to finalise the trading account reconciliations. We continue to liaise with a small number of the Company’s former concession partners and LK Bennett Fashion Limited in respect of sales made during the Administration Trading Period in order to ascertain whether any further cash realisations are due. During the period a further £15,424 was secured from one of the Company’s former concession partners as a result of this work.

Further trading liabilities were settled in the Period totalling £6,824. We are liaising with one remaining supplier to agree the correct cut off for liabilities relating to the Trading Period.

We expect that further realisations relating to trading sales will be minimal with trading sales currently realised in respect of the Administration Trading Period totalling £4,342,039 (at GBP equivalent).

Based on our information to date we estimate the Company generated a trading surplus of c.£800k during the Administration Trading Period. However this is subject to final reconciliations.

Licence to occupy (“LTO”)

As previously reported, the Joint Administrators granted Byland UK Limited (now registered as LK Bennett Fashion Limited) (“the Purchaser”) a Licence to Occupy in respect of the Company’s former head office and nineteen of the Company’s stores. Negotiations in respect of the proposed extension of the LTO to 30 April 2020 for the head office and one of the Company’s stores, as referred to in the Previous Reports, were not finalised, with the Purchaser reaching its own agreement with the landlords of those premises.

The table below summarises the property completions covered by the LTO:

<i>LTO property summary</i>				
Progress report period	Assigned	Surrendered	Vacated	Total
7 March 2019 - 6 September 2019	0	1	3	4
7 September 2019 – 6 March 2020	7	4	2	13
7 March 2020 – 6 September 2020	1	2	0	3
7 September 2020 – 6 March 2021*	0	1	-1	0
Total	8	8	4	20

*A property that was vacated in a prior period was subsequently surrendered in the period 7 September 2020 to 6 March 2021.

With the assistance of the Company’s lawyers, DLA Piper UK LLP (“DLA”), we are pursuing the recovery of a repayment due to the Company from the landlord of one of the LTO properties which has been vacated. This work is ongoing, and we will provide any updates in our next report.

Sub-tenants

No sub-leases were surrendered in the period.

We continue to progress matters relating to sub-tenants, including negotiating the surrender of the final remaining sub-lease and pursuing a sub-tenant in respect of arrears due to the Company.

Other asset realisations

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

- c.£106 in respect of interest received on cash held in interest bearing bank accounts, resulting in a total of £18,360 of interest received during the administration to date;
- c.£2k 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 c.£247k to date. Further claims for rates refunds have been submitted during the period; and
- c.£197 relating to sundry receipts.

Assets remaining to be realised

International subsidiaries

The liquidation of LK Bennett Paris SARL is still progressing. The Company has lodged a claim of €2.6m with the liquidator, which has been accepted. However, it is too early to estimate the likelihood or quantum of a dividend payment in respect of this claim. We will provide any updates in our next report.

Other matters

Tax affairs

UK VAT

We have continued to submit quarterly VAT returns during the Period under the Company's new VAT registration. A total of £742,957 has been reclaimed to date. Currently £69,376 of VAT reclaims remaining outstanding from HMRC and we have been liaising with HMRC to understand the expected timing of the repayment due during the Period.

International VAT

With the assistance of the Company's previous international VAT advisors, a further six international VAT returns were submitted to local jurisdictions in the period. In addition, four international VAT payments were made during the period to other jurisdictions, of which two cheques remain uncleared. Two further overseas VAT returns remain outstanding and will be submitted during the next period.

Corporation tax

A corporation tax return relating to the Company's Republic of Ireland branches will be submitted within the next period.

Litigation claims

As previously reported, the Company is a claimant in financial litigation proceedings, the details of which remain confidential. We have received correspondence relating to this litigation during the Period, but it remains 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 March 2021 to 6 September 2021 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 £264,078, bringing cumulative total time costs incurred to £4,580,248. As at 6 September 2021, we have drawn total remuneration of £2,622,947.

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 September 2021, we have exceeded the Fee Estimate by c.£1.38m. This is largely a result of:

- additional time incurred relating to property matters as a result of finalising the LTO issued to the Purchaser and ensuring potential rates rebates identified were paid to the Company;
- additional time spent dealing with trading and in particular concession store sales reconciliations to ensure all monies owed to the Company were paid;
- additional time dealing with the Company’s international subsidiaries resulting in additional realisations (USA, Spain, Portugal etc);
- additional accounting and administration time incurred for ongoing general treasury and administrative tasks; and
- VAT and corporation taxation matters as a result of requiring the support of internal VAT and corporation tax specialists for specific issues relating to the Company’s UK and International VAT registration, VAT returns and corporation tax returns.

As a result of the additional work undertaken, realisations within the Administration have exceeded the levels expected at the time we made our original fee estimate by c.£3m.

We anticipate that our total time costs will exceed the Fee Estimate by at least c.£1.5m and we intend to seek the approval of the secured creditors and preferential creditors for an uplift in the Administrator’s remuneration. 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 (GBP) totalling £21,004 (exclusive of VAT). We have also incurred administration expenses of €1. 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.

A total of c.£7.8m (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 a consequence of Wells Fargo's utilisation of 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 in respect of approximately £275,000, this being the estimated amount applied from the cash collateral to reduce Wells Fargo's exposure. The Joint Administrators are awaiting final confirmation of this balance.

Preferential creditors

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 £29.34m. We 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 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:

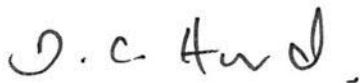
- Finalising the administration trading account, including calculating and paying remaining administration trading liabilities and reconciling concession sales;
- To monitor the viability and progress of the Company's claim in financial litigation proceedings;
- Continue to pursue the recovery of funds 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 and submit a corporation tax return for the Republic of Ireland;

- 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; 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 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 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 262 4520
Name of alternative person to contact with enquiries about the case:	Emma Savage

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

Joint Administrators' summary of Receipts and Payments from 7 March 2021 to 6 September 2021 and cumulative to date

Joint Administrators' Summary of Receipts & Payments		7 March 2021 - 6 September 2021			7 March 2019 - 6 September 2021		
Per the Estimated Statement of Financial Position	£	GBP	EURO	USD	GBP	EURO	USD
RECEIPTS							
	FIXED CHARGE ASSETS						
	Bank Interest	84.46	-	-	5,989.27	-	-
915,984.00	Debtors	-	-	-	2,096.67	376,060.87	339,178.80
	Wholesale Concession	-	-	-	509,891.26	131,954.87	-
	Customer List	-	-	-	1.00	-	-
1,474,993.00	Goodwill	-	-	-	1.00	-	-
	Intellectual Property	-	-	-	1,474,991.00	-	-
	Pre Appointment Insurance Claims	-	-	-	181,076.31	-	-
		<u>84.46</u>	<u>0.00</u>	<u>0.00</u>	<u>2,174,046.51</u>	<u>508,015.74</u>	<u>339,178.80</u>
	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	-	-
	Cash Collateral	-	-	-	152,539.12	-	-
	Purchaser Licence Fees	(13,419.59)	-	-	25,165.68	-	-
	Net funds held on behalf of Purchaser after payments	(120,094.98)	-	-	92,617.17	-	-
	Rates Refunds	2,113.60	-	-	246,713.11	-	-
	Sundry Income	197.41	-	-	159,158.89	-	-
987,753.00	Cash at Date of Appointment	-	-	-	-	-	-
	In hand and at Bank	-	-	-	44,420.58	438,141.90	22,022.90
	In transit	-	-	-	953,071.10	-	-
	Bank Interest	21.43	-	-	12,370.96	-	-
100,000.00	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)	8,600.05	0.00	-	563,443.87	277,594.08	-
		<u>(122,582.08)</u>	<u>0.00</u>	<u>0.00</u>	<u>10,609,455.48</u>	<u>1,162,161.16</u>	<u>55,275.90</u>
Per the Estimated Statement of Financial Position							
	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	-	-	-	375.14	-	-
	Agents Fees	-	-	-	375.00	-	-
		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,010,938.25)</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	5,323.17	-	-	46,710.31	11,248.02	-
	International VAT payments	-	-	-	5,265.69	-	-
	Legal Fees and Disbursements	7,100.00	-	-	657,287.89	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	498.79	-	-	6,064.73	-	-
	Other Professional Fees	-	-	-	48,722.93	-	-
	Pre-appointment Fees	-	-	-	214,757.50	-	-
	Sundry Expenses	-	-	-	647.36	-	-
	Data Room	-	-	-	11,244.67	-	-
	Bank charges	9.80	1.07	-	2,574.84	867.77	620.85
	Costs of Dealing with Subsidiaries	-	-	-	87,942.12	406,525.97	-
	Corporation tax	-	-	-	2,604.55	-	-
	Insurance	1,232.00	-	-	1,232.00	-	-
		<u>(14,163.76)</u>	<u>(1.07)</u>	<u>0.00</u>	<u>(10,168,540.55)</u>	<u>(467,293.26)</u>	<u>(17,225.85)</u>
	Distributions to preferential creditors	-	-	-	(35,703.52)	-	-
	NET RECEIPTS AND PAYMENTS	<u>(136,661.38)</u>	<u>(1.07)</u>	<u>0.00</u>	<u>1,568,319.67</u>	<u>795,523.20</u>	<u>(17,972.34)</u>
	REPRESENTED BY						
	Interest bearing accounts	80,639.95	(1,837.52)	-	2,044,013.02	248,162.48	-
	NET VAT Receivable/(Payable)	(215,464.88)	-	-	76,652.84	(106,140.72)	-
	Pension Control	-	-	-	(219.07)	-	-
	Rent Deposit Control	-	-	-	-	-	-
	Foreign Exchange control	-	0.00	-	-	81,304.19	2,097.79
	Total:	<u>(134,824.93)</u>	<u>(1,837.52)</u>	<u>0.00</u>	<u>2,120,446.79</u>	<u>223,325.95</u>	<u>2,097.79</u>
	GBP equivalent				<u>2,120,446.79</u>	<u>191,619.91</u>	<u>1,516.91</u>
	Total GBP Equivalent:				<u><u>2,313,583.61</u></u>		

Appendix 2 (continued)

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

Joint Administrators' summary of Receipts and Payments from 7 March 2021 to 6 September 2021 and cumulative to date

ANALYSIS OF TRADING RECEIPTS & PAYMENTS	7 March 2021 - 6 September 2021			7 March 2019 - 6 September 2021		
	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	-	-	-	74,020.31	-	-
Sales - Concessions	15,424.28	-	-	477,915.73	-	-
Sales - Ireland	-	-	-	-	462,363.22	-
	<u>15,424.28</u>	<u>-</u>	<u>-</u>	<u>3,945,318.49</u>	<u>462,363.22</u>	<u>-</u>
COST OF SALES						
Consumables	-	-	-	9,942.22	-	-
Concession fees	-	-	-	11,062.99	-	-
Logistics	6,364.13	-	-	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	-	-
	<u>(6,364.13)</u>	<u>-</u>	<u>-</u>	<u>(798,571.32)</u>	<u>-</u>	<u>-</u>
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	460.10	-	-	42,160.70	-	-
Rent	-	-	-	-	-	-
Trading period	-	-	-	632,837.31	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	-	-
	<u>(460.10)</u>	<u>0.00</u>	<u>-</u>	<u>(2,583,303.30)</u>	<u>(184,769.14)</u>	<u>-</u>
NET TRADING RECEIPTS/(PAYMENTS)	<u>8,600.05</u>	<u>0.00</u>	<u>-</u>	<u>563,443.87</u>	<u>277,594.08</u>	<u>-</u>
GBP equivalent				563,443.87	238,183.49	-
GBP TRADING SURPLUS/(DEFICIT)				801,627.36		

Appendix 2 (continued)

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

Joint Administrators' summary of Receipts and Payments from 7 March 2021 to 6 September 2021 and cumulative to date

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. 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.
3. "Receipts due to Purchaser" 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, however, we are currently investigating whether some of these funds are due to the Company.
4. The exchange rates used for the period were 0.8580 and 0.7231 for EUR and USD balances respectively.
5. "Net funds held on behalf of Purchaser after payments" – the payment in the period relates to G4S monies transferred to LK Bennett Fashion Limited.

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 2021		Paid in Period		Paid as at 6 September 2021		Outstanding		Total estimate as at 6 September 2021	
	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €	GBP £	EUR €
Trading payments												
Logistics	413,449	-	304,596	-	6,364	-	390,960	-	-	-	390,960	-
Administration Funding Facility: Wells Fargo	29,472	-	26,472	-	0	-	26,472	-	-	-	26,472	-
Merchant & Acquirer Costs	139,340	-	122,827	-	-	-	122,827	-	-	-	122,827	-
Stock Release Fees	25,739	-	24,953	-	-	-	24,953	-	-	-	24,953	-
ROT	-	-	29,745	-	-	-	29,745	-	-	-	29,745	-
Ransom Payments	172,609	-	182,609	-	-	-	182,609	-	-	-	182,609	-
Wages	1,090,050	142,238	1,085,468	146,416	-	-	1,085,468	146,416	-	-	1,085,468	146,416
Employers NI and benefits	94,630	5,000	93,335	-	-	-	93,335	-	-	-	93,335	-
Consumables	14,942	-	9,942	-	-	-	9,942	-	-	-	9,942	-
Concession Fees	-	-	11,063	-	0	-	11,063	-	-	-	11,063	-
Contractors	131,262	-	134,902	-	-	-	134,902	-	-	-	134,902	-
Electricity	29,005	-	27,054	-	-	-	27,054	-	-	-	27,054	-
Telephone	105,333	-	65,333	-	-	-	65,333	-	-	-	65,333	-
Rent and Service Charges*	985,533	-	743,275	21,556	460	-	743,736	21,556	-	-	743,736	21,556
Rates	400,000	-	175,573	-	-	-	175,573	-	-	-	175,573	-
Insurance	11,929	-	50,125	-	-	-	50,125	-	-	-	50,125	-
Website Costs	59,963	-	36,100	-	-	-	36,100	-	-	-	36,100	-
IT	112,278	-	109,044	-	-	-	109,044	-	5,000	-	114,044	-
Employee Expenses	9,776	1,028	9,786	5,516	-	-	9,786	5,516	-	-	9,786	5,516
Pension Contributions	18,727	-	18,728	-	-	-	18,728	-	-	-	18,728	-
Photoshoots & Advertising	17,461	-	5,609	-	-	-	5,609	-	-	-	5,609	-
Property Maintenance Costs	30,481	-	24,994	-	-	-	24,994	-	-	-	24,994	-
Sundry Trading Overheads*	-	-	3,516	11,281	-	-	3,516	11,281	-	-	3,516	11,281
	<u>3,891,979</u>	<u>148,266</u>	<u>3,375,050</u>	<u>184,769</u>	<u>6,824</u>	<u>-</u>	<u>3,381,875</u>	<u>184,769</u>	<u>5,000</u>	<u>-</u>	<u>3,386,875</u>	<u>184,769</u>
Other payments which are not disbursements												
Insurance	50,000	-	-	-	1,232	-	1,232	-	3,000	-	4,232	-
Advertising	2,000	-	87	-	-	-	87	-	-	-	87	-
Storage	5,000	-	5,566	-	499	-	6,065	-	37,300	-	43,365	-
Agent's Costs: Hico (including store closures)	180,000	-	172,125	-	-	-	172,125	-	-	-	172,125	-
Agent's Costs: Other	30,000	-	44,176	-	-	-	44,176	-	20,000	-	64,176	-
Legal Costs: DLA Piper	520,000	-	660,188	-	7,100	-	667,288	-	100,000	-	767,288	-
Legal Costs: A&L Goodbody	-	50,000	-	48,652	-	-	-	48,652	-	-	-	48,652
Other professional fees	-	-	48,723	-	-	-	48,723	-	-	-	48,723	-
Bank charges	-	-	2,940	867	10	1	2,950	868	500	200	3,450	1,068
Sundry expenses	-	-	647	-	-	-	647	-	1,000	-	1,647	-
Data room	-	-	11,245	-	-	-	11,245	-	-	-	11,245	-
Cost of Dealing with Subsidiaries	-	-	87,942	104,101	-	-	87,942	104,101	20,000	-	107,942	104,101
International VAT liability	-	-	5,265.69	-	-	-	5,266	-	115,000	-	120,266	-
Irrecoverable VAT	-	-	41,387	11,248	5,323	-	46,710	11,248	-	-	46,710	11,248
Corporation tax	-	-	2,605	-	-	-	2,605	-	5,000	15,000	7,605	15,000
	<u>787,000</u>	<u>50,000</u>	<u>1,082,897</u>	<u>164,867</u>	<u>14,164</u>	<u>1</u>	<u>1,097,061</u>	<u>164,868</u>	<u>301,800</u>	<u>15,200</u>	<u>1,398,861</u>	<u>180,068</u>
Category 1 disbursements												
Specific Penally Bond	1,280	-	1,280	-	-	-	1,280	-	-	-	1,280	-
Accommodation & Subsistence	40,000	-	36,973	-	-	-	36,973	-	-	-	36,973	-
Travel Costs (excluding mileage)	21,000	-	23,971	-	-	-	23,971	-	-	-	23,971	-
Postage & Printing	2,750	-	3,031	-	16	-	3,047	-	2,000	-	5,047	-
	<u>65,030</u>	<u>-</u>	<u>65,255</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>65,271</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>67,271</u>	<u>-</u>
Category 2 disbursements												
Mileage	1,250	-	243	-	-	-	243	-	-	-	243	-
	<u>1,250</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>-</u>
Total	<u>4,745,259</u>	<u>198,266</u>	<u>4,523,445</u>	<u>349,636</u>	<u>21,004</u>	<u>1</u>	<u>4,544,449</u>	<u>349,637</u>	<u>308,800</u>	<u>15,200</u>	<u>4,853,249</u>	<u>364,837</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. Some of the entries above are reallocation of costs between different expense codes already incurred in prior periods.
- 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:

- Insurance – actual insurance premiums were higher than previously forecasted.
- Legal fees – legal fees are higher than previously forecast due to a number of ongoing matters as discussed in the report.
- IT – IT costs were higher than previously forecasted.
- 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 fee 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 2021 to 6 September 2021 ("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 September 2021		
	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	154.7	59,168	382	1,817.2	687,109	378
Bank & statutory reporting	247.2	141,988	574	72.1	40,129	557	539.7	330,847	613
Creditors	428.2	154,982	362	14.9	4,896	329	479.2	161,692	337
Debtors	322.8	127,830	396	-	-	-	301.3	115,443	383
Employee matters	441.8	196,956	446	1.4	441	315	522.5	213,456	409
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	-	-	-	14.3	9,729	680
Other assets	604.7	394,993	653	-	-	-	703.8	474,829	675
Other matters	-	-	-	38.5	30,030	780	191.0	131,909	691
Property	479.2	207,350	433	54.5	33,464	614	1,124.1	494,424	440
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	-	-	-	803.3	469,728	585
Statutory duties	166.8	52,266	313	47.0	33,498	713	286.7	117,935	411
Trading	1,195.4	592,833	496	24.0	13,784	574	1,380.1	651,083	472
VAT & taxation	218.8	142,358	651	88.4	48,669	551	715.9	434,980	608
Total	6,570.4	3,201,109	487	495.5	264,078	533	9,486.0	4,580,428	483

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"> - <i>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.</i> - 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"> - <i>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.</i> - Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report - Regular reporting to Wells Fargo Capital Finance (UK) Limited - Providing updates and distributions from the Company and also updates in respect to distributions paid to under it cross-collateralised facilities between the US and the UK - Confirming and reconciling Well's utilisation of the cash collateral held in relation to Cavendish Holdco Limited ("Cavendish"). This was not previously anticipated however additional realisations from the work we have performed has meant this was necessary. - Updating the estimated outcome of the case for reporting purposes to Wells Fargo Capital Finance (UK) Limited.
Creditors	<ul style="list-style-type: none"> - <i>Work undertaken in this category will result in a financial benefit to creditors, after distributions to the Company's creditors have been made</i> - 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"> - <i>Work undertaken in this category has resulted in a direct financial benefit to creditors of c.£1.19m (GBP equivalent). Future realisations but are likely to be minimal.</i> - <i>Discussing and agreeing collections of book debts</i> - <i>Written and verbal correspondence with customers, including providing supporting documentation</i> - <i>Monitoring book debt collections</i> - <i>Realising value from book debts</i>
Employee Matters	<ul style="list-style-type: none"> - <i>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.</i> - <i>Dealing with employees, including receipt and recording of employee claims</i> - <i>Writing to employees regarding their TUPE transfer or redundancy (where appropriate)</i> - <i>Dealing with ad hoc employee enquiries</i> - <i>Processing payroll for retained employees</i> - <i>Liaising with the Redundancy Payments Service and processing employee claims</i>
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> - <i>Completion of work streams requiring immediate attention following appointment in order to execute the strategy outlined in the Proposals</i> - <i>Includes attendance at stores upon appointment</i> - <i>All costs under this heading were incurred during the first 5 weeks of the Administration, and no future costs are anticipated</i>
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> - <i>Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders"</i> - <i>Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986</i>
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> - <i>Matters relating to the appointment, initial planning of the Administration strategy, and formulating and executing the strategy adopted</i> - <i>Considering exit routes from Administration and implementing the most appropriate route as set out in the Joint Administrators' Statement of Proposals</i>
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> - <i>Liaising with the Joint Administrators' appointed legal advisors in connection with various work streams (property, retention of title, trading)</i> - <i>Dealing with any ad hoc legal issues which may arise in the Administration</i>
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. £247k of rates refunds and rateable value reductions, and amounts realised from overseas subsidiaries as discussed in previous reports.</i> - <i>Dealing with all matters pertaining to the realisation of the Company's wholly owned overseas subsidiaries</i> - <i>Realising value from the Company's residual assets</i> - <i>Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment</i>
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> - <i>Dealing with all matters relating to the Company's leasehold properties, including correspondence with landlords, local authorities and utility suppliers</i> - <i>Making arrangements for the exit of leasehold premises</i> - <i>Dealing with surrender of properties</i> - <i>Dealing with the license to occupy agreement (as outlined in the Joint Administrators' Statement of Proposals) and the ongoing matters as a result of the agreement.</i>
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> - <i>Agreeing and issuing statements to the press as required, and dealing with enquiries from the media</i>

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> - <i>Reviewing retention of title claims from suppliers</i> - <i>Discussions with the purchaser in respect of retention of title claims</i>
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 c.£800k (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 concession partners, customers, 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

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, including seeking and securing a second extension. Additional time has also been incurred in relation to distributions paid to the secured creditor under its cross-collateralised facilities between the US and UK and confirming and reconciling Wells Fargo's utilisation of the cash collateral held in relation to Cavendish.
- **Creditors**
Additional time has been spent in recording claims and responding to creditor queries, including those from landlords.
- **Employee matters**
Additional time has been spent in dealing with employee claims and processing them including significant additional time processing the Purchaser's payroll post acquisition (all monies were re-imbursed to the Company).
- **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 during the Administration with the LTO granted to the Purchaser. It also includes significant additional time dealing with the LTO extension and proposed extension. As a result, further work than anticipated has been spent in dealing with landlords, agreeing completions and resolving other property matters.
- *Statutory Duties*
Time costs have been exceeded in 'Statutory Duties' due to the time incurred with the second deemed approval of the Proposals as referred to in the Previous Reports as well as seeking a further extension to the administration.
- *Trading*
Additional time costs incurred as a result of work performed to finalise trading sales reconciliations, secure sales receipts from concession partners and settling trading liabilities for the Administration Trading Period.
- *VAT & Taxation*
There have been number of additional matters to address with regards to VAT and taxation which have resulted in exceeding our time costs estimate. These include time spent on the Company's first VAT return reconciling the sales and expenses incurred during the Administration Trading Period as well as 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. A corporation tax return for the Company's branches in the Republic of Ireland is also being prepared and due to be submitted in the next period.