

TO ALL MEMBERS AND ALL CREDITORS

22 April 2024

Ref: LKB02/DH/CL/KP/MW/AH
Please contact: Ayse Hassan
Email: ayse.hassan@parthenon.ey.com

Dear Sir or Madam

L.K. Bennett Limited (in Creditors Voluntary Liquidation) (“the Company”)

Craig Anthony Lewis and I were appointed as Joint Liquidators of the Company on 23 February 2023 following our previous appointment as Joint Administrators on 7 March 2019. I now write to provide you with our report on the progress of the liquidation for the period from 23 February 2023 to 22 February 2024 (“the Period”). This report should be read in conjunction with the former Joint Administrators’ final report dated 6 February 2023 which is available to view at [EY LK Bennett Administration | EY UK](#).

At Appendix A of this report we provide information about the Company and the Joint Liquidators. A copy of our receipts and payments account for the Period is at Appendix B.

Progress during the period of the report

Asset realisations

Surplus from the Joint Administrators

The sum of £920,612 was paid over to the Joint Liquidators from the Administration estate during the Period.

No further realisations are anticipated in this regard and the Administration accounts have been closed.

International subsidiaries

The Company lodged a claim of €2.6m with the judicial liquidator in the liquidation of LK Bennett Paris SARL. During the Period a first and final dividend was declared by the judicial liquidator and the sum of £303,371 was received by the Joint Liquidators of the Company as shown in the receipts and payments account at Appendix B.

No further realisations are anticipated in this regard.

Litigation claims

As previously reported the Company was 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 former



Joint Administrators, and we have allowed the incumbent lawyers to continue as before on a contingent fee basis. The claims have concluded and a settlement of £107,836 was received in the Period as shown in the receipts and payments account at Appendix B. No further realisations are expected from these claims.

Bank interest

The Joint Liquidators invested the surplus funds from the Administration estate and further assets realisations from LK Bennett Paris SARL (“the Investment”), into a high interest-bearing bank account for a period totaling seven months. Bank interest totaling £14,850 has been received in the Period. The Investment matured on 8 April 2024 with further interest of c£11,500 accruing, as this amount has been received outside of the Period, it will appear on the receipts and payments account in the next reporting period.

Appropriate taxes on the bank interest will require payment and the Joint Liquidators will file the necessary tax returns when they are due.

Work which remains to be done

International VAT

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

Details of assets still to be realised

Property litigation

With the assistance of the Company’s lawyers, DLA Piper UK LLP (“DLA”), 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.

If the litigation is successful, it could result in further asset realisations in the Company.

Distributions to creditors

Secured creditors

Secured creditors have been paid in full in the former Administration.

Preferential creditors

Preferential creditors have been paid in full in the former Administration.

Non-preferential unsecured creditors

As communicated in the former Joint Administrators’ 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. The Joint Liquidators have

begun adjudicating on claims and 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.

The Joint Liquidators estimate that there will be sufficient funds to enable a distribution to the unsecured creditors in excess of 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. It is for this reason the Company moved from Administration to Creditors Voluntary Liquidation.

The Joint Liquidators estimate the value of the Prescribed Part to be £600,000 before the costs of dealing with the Prescribed Part. We currently estimate an additional distribution to unsecured creditors totaling c£270,000. The timing and quantum of the additional distribution is dependent on future asset realisations as noted above. A notice of intended dividend will be issued to all creditors when appropriate.

Joint liquidators' 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.

In accordance with Rule 18.20(4) of the Insolvency (England and Wales) Rules 2016, where an Administrator becomes a Liquidator, the basis of remuneration fixed under Rule 18.18 for the Administrator is treated as having been fixed for the subsequent Liquidator.

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 during the Administration, the original fee estimate ("Original Fee Estimate") had been exceeded and on 23 June 2022 a revised fee estimate ("Revised Fee Estimate") totaling £4,998,198 was circulated to secured and preferential creditors. We sought approval for an increase in the Joint Administrators' remuneration ("the Fee Increase") on the following basis:

- £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.
- A percentage of the value of future asset realisations; being 50% of the value of all future asset realisations received after 17 March 2022 into the Administration and/or subsequent Liquidation estate.

The secured and preferential creditors both approved the Revised Fee Estimate and the Fee Increase by way of signed resolutions.

During the Period, we incurred time costs of £331,841 bringing the aggregate total time costs incurred during the Administration and Liquidation to £5,877,795 as at 22 February 2024. 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 above and approved by the secured and preferential creditors in the Fee Increase.

We have drawn remuneration of £150,000 in the Period, and on an aggregate basis during the Administration and the Liquidation, remuneration totaling £3,722,947 has been drawn to date.

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 liquidators' statement of expenses incurred

During the period covered by this report, the Administrators have incurred expenses totaling £60,964 plus VAT. There is a breakdown of expenses incurred in the period and to date at Appendix D to 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.

Creditors' rights to further information about, and challenge, remuneration and expenses

The statutory provisions relating to remuneration are set out in Chapter 4 of 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 Liquidators' 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 the Joint Liquidators.

As noted above, 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 Liquidators' Fees' referred to above.

Investigations

We concluded our investigation into the Company's affairs pursuant to Statement of Insolvency Practice 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986, with the necessary confidential returns made to the Insolvency Service during the Administration. No third-party funding has been required or provided and there are no investigations are continuing.

No further investigations were required as a result of the Company moving to Creditors Voluntary Liquidation on 23 February 2023.



Should you have any remaining questions about the contents of this report or the Liquidation, please do not hesitate to contact Ayse Hassan at this office.

Yours faithfully
For the Company

A handwritten signature in black ink that reads 'D. C. Hurd.' The signature is written in a cursive style with a period at the end.

D C Hurd
Joint Liquidator

- Appendix A – Statutory and company information
- Appendix B – Joint Liquidators' receipts and payments account for the Period
- Appendix C – Summary of Joint Liquidators' time costs
- Appendix D – Summary of Joint Liquidators' expenses incurred
- Appendix E – Creditors proof of debt form

On 23 February 2023 Daniel Christopher Hurd and Craig Anthony Lewis were appointed Joint Liquidators of the Company. Daniel Christopher Hurd and Craig Anthony Lewis are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants in England. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.

The Joint Liquidators 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 Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

L.K. Bennett Limited (in Creditors Voluntary Liquidation) ('the Company')

Information about the Company and the Joint Liquidators

Registered office address of the company: c/o Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

Registered number: 02699136

Date of appointment of the joint liquidators: 23 February 2023

Details of any changes of liquidator: None

Full names of the liquidators: Daniel Christopher Hurd,
Craig Anthony Lewis

Office holder numbers: 20030, 8582

Liquidators' addresses: 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 262 4520

Name of alternative person to contact with enquiries about the case: Ayse Hassan

L.K. Bennett Limited (in Creditors Voluntary Liquidation) ('the Company')

Joint liquidators' receipts and payments account for the period from 23 February 2023 to 22 February 2024

L.K. Bennett Limited (CVL)**In Liquidation****Joint Liquidators' Summary of Receipts and Payments (Cash Basis)**

Statement of Affairs £	From 23 February 2023 To 22 February 2024 £	From 23 February 2023 To 22 February 2024 £
FLOATING CHARGE ASSETS		
Litigation proceeds	107,835.64	107,835.64
Surplus from Joint Administrator	920,611.55	920,611.55
Distribution from French Liquidator	303,371.35	303,371.35
Bank Interest	14,850.35	14,850.35
	1,346,668.89	1,346,668.89
FLOATING CHARGE EXPENSES		
Legal Fees	56,232.03	56,232.03
Public Notices	94.00	94.00
Balance of funds due to Byland	18,864.15	18,864.15
Storage Charges	432.49	432.49
Corporation Tax	506.16	506.16
Liquidators Fee	150,000.00	150,000.00
Insurance	3,696.00	3,696.00
Bank charges	3.30	3.30
	(229,828.13)	(229,828.13)
0.00	1,116,840.76	1,116,840.76

REPRESENTED BY

Fit VAT Receivable	41,422.87
RBS-GBP-32816641-IB Fixed	380.14
RBS-GBP-32816684-IB FLOAT	239,114.11
RBS-GBP-2 Mth TD@3.07% Matures 17.6.2024	836,000.00
Fit VAT Control Account	(76.36)
	1,116,840.76

Daniel Christopher Hurd
Joint Liquidator

Notes

- The "Balance of funds due to Byland" payment of £18,864.15 relates to monies received into the Administration which were actually due to LK Bennett (Fashion) Ltd, previously known as Byland UK Limited and were subsequently paid across during the Period.
- Receipts and payments are stated net of VAT.

Appendix C

L.K. Bennett Limited (in Creditors Voluntary Liquidation) ('the Company')

Former Joint Administrators' time costs for the period 7 March 2019 to 22 February 2023; Joint liquidators' time costs for the period from 23 February 2023 to 22 February 2024, and a comparison with the Fee Estimate dated 23 June 2022

	Per Revised Fee Estimated dated 23 June 2022			Administration time costs 7 March 2019 - 22 February 2023			Liquidation time costs 23 February 2023 to 22 February 2024			Aggregate time costs to date (Administration and Liquidation)		
	Total Hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Administration & Planning	2,038	789,642	378	2,391	1,015,317	425	283	180,061	636	2,674	1,195,378	447
Bank & Statutory Reporting	638	395,555	622	708	442,591	625	11	9,470	838	720	452,061	628
Creditors	698	232,789	338	657	236,059	359	22	14,799	685	679	250,857	370
Debtors	302	115,554	383	302	115,554	383	-	-	-	302	115,554	383
Employees	532	217,561	409	535	220,111	411	0.2	98	490	535	220,209	411
Immediate Tasks	434	200,284	475	469	209,384	447	1	218	435	469	209,602	447
Investigations	67	27,726	416	67	27,726	416	-	-	-	67	27,726	416
Job acceptance & Strategy	21	20,688	1,009	21	20,688	1,009	-	-	-	21	20,688	1,009
Legal Issues	67	45,416	680	51	35,085	688	16	12,310	769	67	47,395	707
Other Assets	711	480,515	675	749	511,454	683	12	11,007	925	761	522,461	687
Other Matters	206	144,156	668	221	156,171	706	8	7,559	900	230	163,729	713
Prescribed Part Distribution	-	-	-	77	35,743	467	-	-	-	77	35,743	467
Property	1,194	525,902	431	1,264	604,122	478	43	27,670	646	1,307	631,792	483
Public Relations	5	3,328	693	5	3,328	693	-	-	-	5	3,328	693
Retention of Title	106	41,471	391	106	41,471	391	-	-	-	106	41,471	391
Sale of business	803	469,728	585	803	469,728	585	-	-	-	803	469,728	585
Statutory Duties	388	161,018	313	427	212,575	498	24	15,645	652	451	228,220	506
Trading	1,381	651,491	470	1,381	652,041	472	-	-	-	1,381	652,041	472
VAT & Taxation	782	475,374	651	862	536,807	623	76	53,006	699	938	589,813	629
Total	10,370	4,998,198	482	11,095	5,545,955	500	496	331,841	669	11,591	5,877,795	507

The work completed during the Period, split by activity, is detailed below including commentary where the Fee Estimate has exceeded:

Category of work	Description of work to be completed
Accounting & Administration	<ul style="list-style-type: none"> - <i>Time costs in this category have exceeded our original estimate. The work undertaken is required to progress the Liquidation and does not necessarily result in a direct financial benefit to creditors. However, a number of the tasks are statutory requirements.</i> - <i>Time has been incurred and is forecast to be incurred on the following tasks:</i> - <i>The overall management of the case.</i> - <i>Treasury and accounting functions (payments, remittances, journals, bank reconciliations, account closures and processing distributions).</i> - <i>Statutory compliance diaries and 6-month case reviews.</i> - <i>Time cost reporting.</i> - <i>Settlement of all Liquidation costs including legal, professional and the Joint Liquidators' fees.</i>
Bank & Statutory Reporting	<ul style="list-style-type: none"> - <i>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.</i>
Creditors	<ul style="list-style-type: none"> - <i>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 a dividend to unsecured non-preferential creditors.</i> - <i>Time has been and will continue to be incurred on the following:</i> - <i>Continue to receive and record creditor claims.</i> - <i>Respond to additional creditor queries, including those from landlords.</i> - <i>Adjudicating on claims from preferential and non-preferential unsecured creditors, and processing any distributions.</i>
Employee Matters	<ul style="list-style-type: none"> - <i>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.</i> - <i>Time has been incurred on the following tasks:</i> - <i>Dealing with employees, including receipt and recording of employee claims.</i> - <i>Liaising with the Redundancy Payments Service and processing employee claims.</i>
Immediate Tasks	<ul style="list-style-type: none"> - <i>The work undertaken is a statutory requirement and did not necessarily result in a direct financial benefit to creditors.</i> - <i>Time was incurred on the following tasks:</i> - <i>Completion of work streams requiring immediate attention following the appointment of the Joint Liquidators.</i> - <i>We do not expect to incur any further costs in this category.</i>
Legal Issues	<ul style="list-style-type: none"> - <i>Time costs in this category are forecast to exceed our original estimate.</i> - <i>Time has been and will be incurred on the following tasks:</i> - <i>Liaising with the Joint Liquidators' appointed legal advisors in</i>

	<p>connection with property and litigation claims.</p> <ul style="list-style-type: none"> - We expect to incur further time in this category in order to finalise 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. - Monitoring the insolvency process of LK Bennett Paris SARL. Seeking updates from the French liquidator which resulted in redistribution of c£303k in the Period.
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 from Business Rates refunds received in the Period. Some of the work has less of a direct financial benefit to creditors although it has mitigated the level of potential claims from landlords.
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 filing statutory notices of the Joint Liquidators' appointment. - Reporting the progress of the Liquidation to creditors and Companies House.
VAT & Taxation	<ul style="list-style-type: none"> - 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. - We have incurred more time than originally anticipated dealing with VAT and Corporation tax related matters. The main additional areas of work are: - 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. - Further work is required to finalise VAT liabilities in Poland, Germany, and Romania. - 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. - The Joint Liquidators have a statutory obligation to submit corporation tax returns. Time has been spent in the preparation and submission of these returns.

L.K. Bennett Limited (in Creditors Voluntary Liquidation) ('the Company')

Joint Liquidators' Statement of Expenses

Type of Expense	Per Original Fee Estimate 1 May 2019 (£)	Paid in the Administration (£)	Paid in the Liquidation in the Period (£)	Estimated Future (£)	Total Estimated in the Liquidation (£)
Payments made from the estate which are not disbursements (Note 1)					
Insurance	50,000.00	3,696.00	3,696.00	3,000.00	6,696.00
Legal fees	520,000.00	864,904.00	56,232.00	50,000.00	106,232.00
Statutory costs	2,000.00	87.00	94.00	150.00	244.00
Storage	5,000.00	9,401.00	432.49	6,000.00	6,432.49
Bank charges	-	2,588.00	3.30	500.00	503.30
Corporation Tax	-	2,974.00	506.00	2,000.00	2,506.00
	577,000.00	883,650.00	60,963.79	61,650.00	122,613.79
Category 1 disbursements (Note 2)					
Internal bulk copying, printing and postage	2,750.00	3,202.00	43.44	5,000.00	5,043.44
Specific penalty bond	1,280.00	1,280.00	775.00	-	775.00
	4,030.00	4,482.00	818.44	5,000.00	5,818.44
Total	581,030.00	888,132.00	61,782.23	66,650.00	128,432.23

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
 - 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.
- Certain expenses have either exceeded, or are expected to exceed, the original estimate dated 1 May 2019. Reasons for these expenses exceeding the initial estimate are detailed below:
 - Legal Fees – Costs have exceeded our original estimate as it was not anticipated that the former administration would be extended beyond the initial 12 month period. Two extension applications have been made to court during the administration. These costs include expenses such as Counsel's advice and court costs. DLA are also assisting on a number of ongoing property matters as discussed earlier within this report.
 - Insurance – Public Liability insurance is in place for the Company's 12 remaining leasehold premises. This is recommended as the landlords of these properties have not accepted a surrender of the leases.
 - Storage – This is currently a prudent estimate of the retention and destruction costs of books and records.

- 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.

L.K. Bennett Limited (in Creditors Voluntary Liquidation) ('the Company')

Proof of debt form

Notes to Liquidation Proof of Debt Form:

1. Please attach a detailed statement of your account as at the date of the resolution to wind up.
2. VAT bad debt relief may usually be claimed six months after the date of supply.
3. The liquidator may call for any document or other evidence to be produced if it is considered necessary for the purpose of substantiating the whole or any part of the claim made.
4. The Joint Liquidators 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 Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.