

TO ALL KNOWN CREDITORS AND MEMBERS

2 October 2020

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

Please contact Michael Thalassitis  
mthalassitis@uk.ey.com

Dear Sirs

## **L.K. Bennett Limited (in Administration) (“the Company”)**

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

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the administration. This report covers the period from **7 March 2020 to 6 September 2020** (“the Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals dated 2 May 2019 (“the Proposals”) and our previous reports dated 7 October 2019 and 2 April 2020 (“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 trading account reconciliations and settle liabilities due in relation to services provided by suppliers during the period 7 March 2019 to 11 April 2019, whilst the Company traded under the supervision of the Joint Administrators (“Administration Trading Period”).

We expect that any further realisations relating to trading sales to be minimal, if any, with trading sales currently realised in respect of the Administration Trading Period totalling £4,316,321 (at GBP equivalent). Certain small trading liabilities continue to be finalised with suppliers, which we expect to resolve shortly.

The Company generated a trading surplus of £822k during the Administration Trading Period.

##### *Licence to occupy*

As referred to in the Proposals, the Joint Administrators granted Byland UK Limited (now registered as LK Bennett Fashion Limited) (“the Purchaser”) a Licence to Occupy (“LTO”) in respect of the Company’s former head office and nineteen of the Company’s stores. 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.

During the Period, one lease was assigned to the Purchaser and two were surrendered. A summary of property completions covered by the LTO is included below:

| <i>LTO property summary</i>     |                 |                    |                |              |
|---------------------------------|-----------------|--------------------|----------------|--------------|
| <b>Progress report period</b>   | <b>Assigned</b> | <b>Surrendered</b> | <b>Vacated</b> | <b>Total</b> |
| 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            |
| <b>Total</b>                    | <b>8</b>        | <b>7</b>           | <b>5</b>       | <b>20</b>    |

Of the five properties covered by the LTO which have been vacated during the administration, four of these have not yet had a formal surrender or assignment agreed with the landlord.

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 properties which has been vacated but not surrendered or assigned. We will provide a further update in our next report.

#### *Stores not included in the sale*

During the Period, one lease has been surrendered relating to stores not included in the LTO.

#### *Sub-tenants*

During the Period, two sub-leases were surrendered. A summary of sub-tenant property completions is included below:

| <i>Sub-tenant property summary</i> |                    |
|------------------------------------|--------------------|
| <b>Progress report period</b>      | <b>Surrendered</b> |
| 7 March 2019 - 6 September 2019    | 0                  |
| 7 September 2019 - 6 March 2020    | 2                  |
| 7 March 2020 - 6 September 2020    | 2                  |
| <b>Total</b>                       | <b>4</b>           |

We continue to progress matters relating to sub-tenants, including negotiating the surrender of the final remaining sub-lease and pursuing the sub-tenant at the Company's former Head Office in respect of arrears due to the Company.

## **Asset realisations**

### *Sales*

We continue to liaise with a small number of the Company's former concession partners in respect of sales achieved during the Administration Trading Period in order to ascertain whether any further cash realisations are achievable.

### *Debtors*

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

During the Period, we have realised £19k and £31k (at GBP equivalent) in respect of wholesale and concession debtors respectively, £18k of which has been a reallocated from trading sales. As a result, total realisations during the administration to date are £593k in relation to wholesale debtors and £628k in relation to concession debtors. Note that debtor realisations comprise GBP, EUR and USD receipts, but have been converted to GBP for comparison purposes.

## **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.£4k in respect of interest received on cash held in interest bearing bank accounts, resulting in a total of £18k of interest received during the administration to date;
- c.1k 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 £239k to date;
- c.£8k relating to pre-appointment insurance refunds on policies which had been prepaid by the Company; and
- £2.5k relating to fees received associated with the costs incurred in preparing to grant a new licence to occupy to the Purchaser.

## Assets remaining to be realised

### *International subsidiaries*

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

- **USA** – As previously stated, the Company agreed that it would not participate in any dividends to unsecured creditors from LK Bennett USA Inc. on the basis that the Company's secured creditor received c.\$1.2m from US realisations, thereby reducing its secured claim against the Company under its cross-collateralised facilities between the US and the UK. It is anticipated that the structured dismissal process will conclude shortly which will conclude the Chapter 11 process. The conclusion of the process has been delayed generally by COVID-19 and specifically, agreeing creditor claims by the Unsecured Creditor Committee in the US. A small further amount may be available to the Company once this process concludes, however, the quantum and timing remains to be determined.
- **Spain / Portugal** – £129k (€144k), representing a part payment of the Company's intercompany receivable due from the Spanish subsidiary, which has a Portuguese branch, was received during the previous Period. The Spanish subsidiary has now been solvently dissolved and the Portuguese branch closed, however, following the agreement of final claims with the tax authorities in each country, there were no further sums available to be distributed to the Company.
- **France** – As previously stated, LK Bennett Paris SARL entered insolvent liquidation on 5 September 2019. The Company has lodged a claim of €2.6m with the liquidator, however it is too early to estimate the likelihood or quantum of a dividend payment in respect of this claim. We have sought updates from the French liquidator and will provide an update in our next report.
- **Netherlands** – Given the size of the preferential creditors' claims, there is no expectation of a dividend being available from the Dutch trustee in bankruptcy.
- **Ireland** – LK Bennett Ireland Limited entered a Company Voluntary Liquidation ("CVL") process during the previous Period. There will be no dividend for creditors from the CVL.

## Other matters

### Tax affairs

#### *UK VAT*

We have continued to submit quarterly VAT returns during the Period under the Company's new VAT registration. The Company has remained in a net VAT receivable position under the new VAT registration. A total of £529,661 has been received to date (all under the new VAT registration), with a £46,813 reclaim remaining outstanding from HMRC.

An additional reclaim adjustment is also expected to be made imminently and we will provide a further update as to the value of this reclaim in our next report.

### *International VAT*

With the assistance of the Company's previous international VAT advisors, international VAT returns have been submitted in six local jurisdictions. Four international VAT returns are outstanding, largely due to issues with the local VAT registrations which have caused delays in the ability to submit the returns. However, we expect the position to be finalised shortly.

### *Corporation tax*

The Company's first corporation tax return, covering the Administration Trading Period, was submitted on 9 April 2020. As the Company has significant brought forward and other losses, no corporation tax was due.

### **Litigation claims**

As reported in the Proposals and the Previous Reports, the Company is a claimant in financial litigation proceedings, the details of which remain confidential. It still 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 2020 to 6 September 2020 is attached at Appendix 2. This does not reflect estimated future realisations or costs.

### **Joint administrators' remuneration**

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

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

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

During the Period, we have incurred time costs of £277,543, bringing cumulative total time costs incurred to £3,910,495. As at 6 September 2020, we have drawn total remuneration of £1,872,947. Of this sum, £400,000 was billed and paid in the Period.

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

As at 6 September 2020, we have exceeded the Fee Estimate by c.£709k. This is largely a result of additional time incurred relating to property matters as a result of finalising the LTO issued to the

Purchaser; additional time spent dealing with trading and in particular concession store sales reconciliations, additional accounting and administration time incurred for ongoing general treasury and administrative tasks; and VAT and taxation matters as a result of requiring the support of internal VAT specialists for specific issues relating to the Company's VAT registration and VAT returns.

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

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

### **Joint administrators' statement of expenses incurred**

During the Period, we have incurred administration expenses totalling £266,505 (exclusive of VAT). A total of €2,036 in expenses have been reduced during the Period after a correction of previously reported irrecoverable VAT. A breakdown of expenses incurred in the Period and to date can be found at Appendix 3 of this report.

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

### **Distributions to creditors**

#### **Secured creditors**

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

During the Period, £250,000 has been distributed to Wells Fargo. A total of £7,856,729 (at GBP equivalent) has been distributed to Wells Fargo during the administration to date in respect of their secured claim against the Company, inclusive of amounts also distributed directly from pre-appointment bank accounts. As stated in the Previous Reports, a further c.\$1.2m has also been paid to Wells Fargo from the US subsidiary which has reduced Wells Fargo's secured claim against the Company under its cross-collateralised facilities between the US and the UK. Furthermore, we understand that Wells Fargo has applied an element of cash collateral previously provided by the Company's corporate shareholder in order to reduce its lending exposure.

The amount currently outstanding to Wells Fargo is minimal and we expect that their secured debt against the Company will be repaid in full. We understand that the impact of applying the cash collateral noted above may give rise to a subrogated secured creditor claim by the Company's corporate shareholder.

#### **Preferential creditors**

Shortly after the Period, on 21 September 2020, a notice of intended dividend was issued by the Joint Administrators to all preferential creditors required to prove their debts. Preferential creditors are required to prove their debts no later than 21 October 2020, with the Joint Administrators expecting to formally declare the dividend within 2 months of that date.

The current estimate of total preferential claims expected to receive is c.£35k, however this is subject to change depending on the quantum of proof of debts submitted by creditors. It is expected that preferential creditors will receive a dividend of 100p/£.

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

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

### **Remaining work**

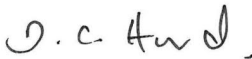
We continue to deal with the administration in line with the objectives stated in the Proposals. Future tasks will include, but are not limited to, the following:

- Finalising the administration, including calculating and payment of all remaining administration trading liabilities and finalising the Administration Trading Period reconciliation;
- Monitoring the 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;
- Continue dialogue with landlords in order to assign and/or surrender the remaining leases held in the Company's name;
- Continuing to prepare and file post-appointment VAT returns under the new VAT registration and submit a VAT reclaim adjustment;
- Submit final international VAT returns and where applicable, pay outstanding liabilities to local VAT authorities;
- Submit corporation tax returns for the remainder of the administration;
- Monitoring the progress of the various proceedings to which the Company's overseas subsidiaries are subject;
- Dealing with statutory reporting and compliance obligations, including reporting to creditors;
- Making further distributions to the secured creditor(s);
- Agreeing preferential creditor claims and distributing amounts due to the preferential creditors;
- Agreeing unsecured creditor claims and distributing amounts due to unsecured creditors (by virtue of the Prescribed Part); and
- Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the administration.

## Next report

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

Yours faithfully  
for the Company



D C Hurd  
Joint Administrator

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

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

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

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://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<br>Robert Hunter Kelly, Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR<br>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 2020 to 6 September 2020 and cumulative to date

| Per the Estimated Statement of Financial Position | Joint Administrators' Summary of Receipts & Payments |  |                | 7 March 2020 - 6 September 2020 |            |                | 7 March 2019 - 6 September 2020 |              |  |
|---|--|--|----------------|---------------------------------|------------|----------------|---------------------------------|--------------|--|
|   | £  | RECEIPTS   | GBP            | EURO                            | USD        | GBP            | EURO                            | USD          |  |
| 915,984.00  |  | FIXED CHARGE ASSETS                                  |                |                                 |            |                |                                 |              |  |
|   |  | Bank Interest  | 2,978.05       | -                               | -          | 5,864.90       | -                               | -            |  |
|   |  | Debtors  |                |                                 |            |                |                                 |              |  |
|   |  | Wholesale  | -              | 21,752.85                       | -          | 2,096.67       | 376,060.87                      | 339,178.80   |  |
|   |  | Concession   | 31,250.03      | (459.35)                        | -          | 510,299.50     | 131,954.87                      | -            |  |
|   |  | Customer List  | -              | -                               | -          | 1.00           | -                               | -            |  |
| 1,474,993.00                                      |  | Goodwill   | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Intellectual Property                                | -              | -                               | -          | 1,474,991.00   | -                               | -            |  |
|   |  | Pre Appointment Insurance Claims                     | 7,676.16       | -                               | -          | 181,076.31     | -                               | -            |  |
|   |  |  | 41,904.24      | 21,293.50                       | 0.00       | 2,174,330.38   | 508,015.74                      | 339,178.80   |  |
|   |  | FLOATING CHARGE ASSETS                               |                |                                 |            |                |                                 |              |  |
| 825,000.00  |  | Equipment  | -              | -                               | -          | 825,000.00     | -                               | -            |  |
| 7,508,000.00                                      |  | Stock (including deferred consideration)             | -              | -                               | -          | 7,508,948.00   | -                               | -            |  |
|   |  | Sale of Business - Sundry Consideration              |                |                                 |            |                |                                 |              |  |
|   |  | IT   | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Computer equipment                                   | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Books & records                                      | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Business name  | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Cash in stores                                       | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Concession Agreements                                | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Other contracts                                      | -              | -                               | -          | 1.00           | -                               | -            |  |
|   |  | Cash Collateral                                      | -              | -                               | -          | 152,539.12     | -                               | -            |  |
|   |  | Purchaser Licence Fees                               | (971,940.04)   | 2,046.11                        | -          | 98,389.26      | 29,660.02                       | -            |  |
|   |  | Net funds held on behalf of Purchaser after payments | (152,965.30)   | 47,405.46                       | -          | 110,708.54     | 29,218.47                       | -            |  |
|   |  | Rates Refunds  | 806.66         | -                               | -          | 238,624.48     | -                               | -            |  |
|   |  | Sundry Income  | (17,348.29)    | (51,753.16)                     | (5,790.53) | 60,617.34      | -                               | -            |  |
| 987,753.00  |  | Cash at Date of Appointment                          | (2,501.47)     | -                               | -          | -              | -                               | -            |  |
|   |  | In hand and at Bank                                  | -              | -                               | -          | 44,420.58      | 438,141.90                      | 22,022.90    |  |
|   |  | In transit   | -              | -                               | -          | 953,071.10     | -                               | -            |  |
|   |  | Bank Interest  | 799.99         | -                               | -          | 12,083.13      | -                               | -            |  |
| 100,000.00  |  | Income from subsidiaries                             |                |                                 |            |                |                                 |              |  |
|   |  | USA  | -              | -                               | -          | -              | -                               | 33,253.00    |  |
|   |  | Netherlands  | -              | -                               | -          | -              | 302,425.18                      | -            |  |
|   |  | Spain  | -              | -                               | -          | -              | 144,000.00                      | -            |  |
|   |  | Licence to occupy fees received                      | 2,500.00       | -                               | -          | 26,000.00      | -                               | -            |  |
|   |  | Trading surplus/(deficit)                            | (177,788.23)   | (835.79)                        | -          | 578,219.17     | 273,467.55                      | -            |  |
|   |  |  | (1,318,436.68) | (3,137.38)                      | (5,790.53) | 10,608,627.72  | 1,216,913.12                    | 55,275.90    |  |
|   |  | Per the Estimated Statement of Financial Position    |                |                                 |            |                |                                 |              |  |
|   |  | £  |                |                                 |            |                |                                 |              |  |
|   |  | PAYMENTS   |                |                                 |            |                |                                 |              |  |
|   |  | FIXED CHARGE PAYMENTS                                |                |                                 |            |                |                                 |              |  |
|   |  | Wells Fargo - Fixed Charge Distribution              | -              | -                               | -          | 1,010,188.11   | 407,360.44                      | 395,201.19   |  |
|   |  | Bank charges   | 10.00          | -                               | -          | 374.84         | -                               | -            |  |
|   |  | Agents Fees  | -              | -                               | -          | 375.00         | -                               | -            |  |
|   |  |  | (10.00)        | -                               | -          | (1,010,937.95) | (407,360.44)                    | (395,201.19) |  |
|   |  | FLOATING CHARGE PAYMENTS                             |                |                                 |            |                |                                 |              |  |
|   |  | Joint Administrators Fees                            | 400,000.00     | -                               | -          | 1,872,947.00   | -                               | -            |  |
|   |  | Joint Administrators Disbursements                   | -              | -                               | -          | 60,997.42      | -                               | -            |  |
|   |  | Agents Fees  | -              | -                               | -          | 2,125.00       | -                               | -            |  |
|   |  | Irrecoverable VAT                                    | 10,016.12      | (2,054.21)                      | -          | 41,104.02      | 11,225.53                       | -            |  |
|   |  | International VAT payments                           | 5,265.69       | -                               | -          | 5,265.69       | -                               | -            |  |
|   |  | Legal Fees and Disbursements                         | 90,085.37      | -                               | -          | 567,569.17     | 48,651.50                       | -            |  |
|   |  | Wells Fargo - Floating Charge Distribution           | 250,000.00     | -                               | -          | 6,173,528.00   | -                               | 16,605.00    |  |
|   |  | Store Closures                                       | -              | -                               | -          | 213,801.06     | -                               | -            |  |
|   |  | Statutory Advertising                                | -              | -                               | -          | 87.48          | -                               | -            |  |
|   |  | Storage Charges                                      | 110.41         | -                               | -          | 236.33         | -                               | -            |  |
|   |  | Other Professional Fees                              | 7,821.84       | -                               | -          | 48,580.00      | -                               | -            |  |
|   |  | Pre-appointment Fees                                 | -              | -                               | -          | 214,757.50     | -                               | -            |  |
|   |  | Sundry Expenses                                      | -              | -                               | -          | 647.36         | -                               | -            |  |
|   |  | Data Room  | -              | -                               | -          | 11,244.67      | -                               | -            |  |
|   |  | Bank charges   | 27.60          | 18.15                           | -          | 2,555.14       | 865.69                          | 620.85       |  |
|   |  | Costs of Dealing with Subsidiaries                   | (2,097.88)     | -                               | -          | 87,942.12      | 406,525.97                      | -            |  |
|   |  |  | (761,229.15)   | 2,036.06                        | -          | (9,303,387.96) | (467,268.69)                    | (17,225.85)  |  |
|   |  | NET RECEIPTS AND PAYMENTS                            | (2,037,771.59) | 20,192.18                       | (5,790.53) | 2,468,632.19   | 850,299.73                      | (17,972.34)  |  |
|   |  | REPRESENTED BY                                       |                |                                 |            |                |                                 |              |  |
|   |  | Interest bearing accounts                            | (827,056.85)   | (16,500.43)                     | -          | 2,101,965.05   | 1,140,025.25                    | 7,188.53     |  |
|   |  | NET VAT Receivable/(Payable)                         | (35,245.74)    | (2,176.98)                      | -          | 159,750.31     | (102,969.68)                    | -            |  |
|   |  | Pension Control                                      | -              | -                               | -          | (219.07)       | -                               | -            |  |
|   |  | Rent Deposit Control                                 | -              | -                               | -          | (30,271.83)    | -                               | -            |  |
|   |  | Foreign Exchange control                             | -              | -                               | -          | -              | (33,342.99)                     | -            |  |
|   |  | Total:   | (862,302.59)   | (18,677.41)                     | -          | 2,231,224.46   | 1,003,712.59                    | 7,188.53     |  |
|   |  | GBP equivalent                                       |                |                                 |            | 2,231,224.46   | 894,449.61                      | 5,411.34     |  |
|   |  | Total GBP Equivalent:                                |                |                                 |            | 3,131,085.41   |                                 |              |  |

## Appendix 2 (continued)

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

#### Joint Administrators' summary of Receipts and Payments from 7 March 2020 to 6 September 2020 and cumulative to date

| ANALYSIS OF TRADING RECEIPTS & PAYMENTS            | 7 March 2020 - 6 September 2020 |                    |          | 7 March 2019 - 6 September 2020 |                     |          |
|--|---------------------------------|--------------------|----------|---------------------------------|---------------------|----------|
|  | GBP                             | EURO               | USD      | GBP                             | EURO                | USD      |
| <b>RECEIPTS</b>                                    |                                 |                    |          |                                 |                     |          |
| <b>POST APPOINTMENT SALES</b>                      |                                 |                    |          |                                 |                     |          |
| Sales - Barclays                                   | (4,550.65)                      | -                  | -        | 2,963,032.78                    | -                   | -        |
| Sales - Paypal                                     | 0.60                            | -                  | -        | 226,910.33                      | -                   | -        |
| Sales - AMEX                                       | -                               | -                  | -        | 203,439.34                      | -                   | -        |
| Sales - Cash                                       | -                               | -                  | -        | 62,691.38                       | -                   | -        |
| Sales - Concessions                                | (18,120.82)                     | -                  | -        | 460,502.75                      | -                   | -        |
| Sales - Ireland                                    | -                               | 10,346.99          | -        | -                               | 448,576.10          | -        |
|  | <u>(22,670.87)</u>              | <u>10,346.99</u>   | <u>-</u> | <u>3,916,576.58</u>             | <u>448,576.10</u>   | <u>-</u> |
| <b>COST OF SALES</b>                               |                                 |                    |          |                                 |                     |          |
| Consumables  | -                               | -                  | -        | 9,942.22                        | -                   | -        |
| Concession fees                                    | (4,794.07)                      | -                  | -        | 9,264.52                        | -                   | -        |
| Logistics  | -                               | -                  | -        | 384,596.29                      | -                   | -        |
| Administration Funding Agreement - Fees & Interest | (3,273.00)                      | -                  | -        | 26,472.00                       | -                   | -        |
| Merchant & Acquirer Costs                          | 5,631.13                        | -                  | -        | 122,827.05                      | -                   | -        |
| Stock release fees                                 | -                               | -                  | -        | 24,952.54                       | -                   | -        |
| ROT  | -                               | -                  | -        | 29,745.00                       | -                   | -        |
| Ransom Payments                                    | -                               | -                  | -        | 182,609.10                      | -                   | -        |
|  | <u>2,435.94</u>                 | <u>-</u>           | <u>-</u> | <u>(790,408.72)</u>             | <u>-</u>            | <u>-</u> |
| <b>TRADING OVERHEADS</b>                           |                                 |                    |          |                                 |                     |          |
| 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  | 693.26                          | -                  | -        | 27,054.45                       | -                   | -        |
| Sundry trading overheads                           | -                               | 11,182.78          | -        | 3,515.98                        | 11,182.78           | -        |
| Telephone  | -                               | -                  | -        | 65,333.33                       | -                   | -        |
| Rates  | 689.88                          | -                  | -        | 172,646.77                      | -                   | -        |
| Property Service Charges                           | 371.34                          | -                  | -        | 42,666.84                       | -                   | -        |
| Rent   |                                 |                    |          |                                 |                     |          |
| Trading period                                     | (1,949.95)                      | -                  | -        | 676,230.12                      | 11,993.42           | -        |
| Net paid/received on behalf of subtenants          | 155,767.20                      | -                  | -        | 58,256.03                       | -                   | -        |
| Insurance  | 361.24                          | -                  | -        | 7,056.41                        | -                   | -        |
| Website Costs                                      | -                               | -                  | -        | 35,608.81                       | -                   | -        |
| IT   | 662.00                          | -                  | -        | 86,757.30                       | -                   | -        |
| Employee Expenses                                  |                                 |                    |          |                                 |                     |          |
| Pre Appointment Expenses                           | -                               | -                  | -        | 1,666.05                        | -                   | -        |
| Post Appointment Expenses                          | -                               | -                  | -        | 8,119.81                        | 5,516.04            | -        |
| Pension Contributions                              | -                               | -                  | -        | 18,728.34                       | -                   | -        |
| Photoshoots & Advertising                          | 958.33                          | -                  | -        | 5,609.34                        | -                   | -        |
| Property Maintenance Costs                         | -                               | -                  | -        | 24,994.10                       | -                   | -        |
|  | <u>(157,553.30)</u>             | <u>(11,182.78)</u> | <u>-</u> | <u>(2,547,948.69)</u>           | <u>(175,108.55)</u> | <u>-</u> |
| <b>NET TRADING RECEIPTS/(PAYMENTS)</b>             | <u>(177,788.23)</u>             | <u>(835.79)</u>    | <u>-</u> | <u>578,219.17</u>               | <u>273,467.55</u>   | <u>-</u> |
| GBP equivalent                                     |                                 |                    |          | 578,219.17                      | 243,698.19          | -        |
| <b>GBP TRADING SURPLUS/(DEFICIT)</b>               |                                 |                    |          | <b>821,917.36</b>               |                     |          |

## Appendix 2 (continued)

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

#### Joint Administrators' summary of Receipts and Payments from 7 March 2020 to 6 September 2020 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. The significant movement in the Period relates to funds previously received from the Purchaser, but held by the Joint Administrators, which was paid over to the relevant landlords in the Period. 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. We will provide an update in our next report.  
  
"Purchaser License Fees" in GBP include licence fees raised for properties in Republic of Ireland, which were paid in GBP by the Purchaser. As a result, the EUR 'Purchaser Licence Fees' total does not net down to nil, despite all payments being made to the relevant landlords and all licence fee income having been received from the Purchaser.
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

## 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 2020 |                | Paid in Period |                | Outstanding    |               | Total estimate as at 6 September 2020 |                |
|---|-------------------------------|----------------|-------------------------|----------------|----------------|----------------|----------------|---------------|---------------------------------------|----------------|
|   | GBP                           | EUR            | GBP                     | EUR            | GBP            | EUR            | GBP            | EUR           | GBP                                   | EUR            |
| Trading payments                                |                               |                |                         |                |                |                |                |               |                                       |                |
| Logistics                                       | 413,449                       | -              | 384,596                 | -              | -              | -              | -              | -             | 384,596                               | -              |
| Administration Funding Facility: Wells Fargo    | 29,472                        | -              | 29,745                  | -              | (3,273)        | -              | -              | -             | 26,472                                | -              |
| Merchant & Acquirer Costs                       | 139,340                       | -              | 117,196                 | -              | 5,631          | -              | -              | 10,000        | 122,827                               | 10,000         |
| 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                                 | -                             | -              | 14,059                  | -              | (4,794)        | -              | -              | -             | 9,265                                 | -              |
| Contractors                                     | 131,262                       | -              | 134,902                 | -              | -              | -              | -              | -             | 134,902                               | -              |
| Electricity                                     | 29,005                        | -              | 26,361                  | -              | 693            | -              | -              | -             | 27,054                                | -              |
| Telephone                                       | 105,333                       | -              | 65,333                  | -              | -              | -              | -              | -             | 65,333                                | -              |
| Rent and Service Charges                        | 985,533                       | -              | 622,964                 | -              | 154,189        | -              | -              | -             | 777,153                               | -              |
| Rates   | 400,000                       | -              | 171,957                 | -              | 690            | -              | -              | -             | 172,647                               | -              |
| Insurance                                       | 11,929                        | -              | 6,695                   | -              | 361            | -              | -              | 21,000        | 28,056                                | -              |
| Website Costs                                   | 59,963                        | -              | 35,609                  | -              | -              | -              | -              | 15,000        | 50,609                                | -              |
| IT  | 112,278                       | -              | 86,095                  | -              | 662            | -              | -              | -             | 86,757                                | -              |
| 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                        | -              | 4,651                   | -              | 958            | -              | -              | -             | 5,609                                 | -              |
| Property Maintenance Costs                      | 30,481                        | -              | 24,994                  | -              | -              | -              | -              | -             | 24,994                                | -              |
| Sundry Trading Overheads                        | -                             | -              | 3,516                   | -              | -              | -              | -              | 10,000        | 13,516                                | 5,000          |
|   | <u>3,891,979</u>              | <u>148,266</u> | <u>3,183,240</u>        | <u>151,932</u> | <u>155,117</u> | <u>-</u>       | <u>46,000</u>  | <u>15,000</u> | <u>3,384,357</u>                      | <u>166,932</u> |
| Other payments which are not disbursements      |                               |                |                         |                |                |                |                |               |                                       |                |
| Insurance                                       | 50,000                        | -              | -                       | -              | -              | -              | 31,000         | -             | 31,000                                | -              |
| Advertising                                     | 2,000                         | -              | 87                      | -              | -              | -              | 1,913          | -             | 2,000                                 | -              |
| Storage   | 5,000                         | -              | 126                     | -              | 110            | -              | 4,764          | -             | 5,000                                 | -              |
| Agent's Costs: Hilco (including store closures) | 180,000                       | -              | 172,125                 | -              | -              | -              | -              | -             | 172,125                               | -              |
| Agent's Costs: Other                            | 30,000                        | -              | 44,176                  | -              | -              | -              | -              | -             | 44,176                                | -              |
| Legal Costs: DLA Piper                          | 520,000                       | -              | 477,484                 | -              | 90,085         | -              | 232,431        | -             | 800,000                               | -              |
| Legal Costs: A&L Goodbody                       | -                             | 50,000         | -                       | 48,652         | -              | -              | -              | -             | -                                     | 48,652         |
| Other professional fees                         | -                             | -              | 40,758                  | -              | 7,822          | -              | 17,178         | -             | 65,758                                | -              |
| Bank charges                                    | -                             | -              | 2,892                   | 848            | 38             | 18             | 2,962          | 482           | 5,892                                 | 1,348          |
| Sundry expenses                                 | -                             | -              | 647                     | -              | -              | -              | 74,353         | -             | 75,000                                | -              |
| Data room                                       | -                             | -              | 11,245                  | -              | -              | -              | -              | -             | 11,245                                | -              |
| Cost of Dealing with Subsidiaries               | -                             | -              | 90,040                  | 104,101        | (2,098)        | -              | 52,098         | -             | 140,040                               | 104,101        |
| International VAT liability                     | -                             | -              | -                       | -              | 5,266          | -              | 50,000         | -             | 55,266                                | -              |
| Irrecoverable VAT                               | -                             | -              | 31,088                  | 13,280         | 10,016         | (2,054)        | 10,016         | -             | 51,120                                | 11,226         |
|   | <u>787,000</u>                | <u>50,000</u>  | <u>870,669</u>          | <u>166,880</u> | <u>111,239</u> | <u>(2,036)</u> | <u>476,714</u> | <u>482</u>    | <u>1,458,622</u>                      | <u>165,326</u> |
| Category 1 disbursements                        |                               |                |                         |                |                |                |                |               |                                       |                |
| Specific Penalty Bond                           | 1,280                         | -              | 1,280                   | -              | -              | -              | -              | -             | 1,280                                 | -              |
| Accommodation & Subsistence                     | 40,000                        | -              | 36,973                  | -              | -              | -              | 3,027          | -             | 40,000                                | -              |
| Travel Costs (excluding mileage)                | 21,000                        | -              | 23,971                  | -              | -              | -              | 1,500          | -             | 25,471                                | -              |
| Postage & Printing                              | 2,750                         | -              | 2,470                   | -              | 148            | -              | 132            | -             | 2,750                                 | -              |
|   | <u>65,030</u>                 | <u>-</u>       | <u>64,694</u>           | <u>-</u>       | <u>148</u>     | <u>-</u>       | <u>4,659</u>   | <u>-</u>      | <u>69,501</u>                         | <u>-</u>       |
| Category 2 disbursements                        |                               |                |                         |                |                |                |                |               |                                       |                |
| Mileage   | 1,250                         | -              | 243                     | -              | -              | -              | 1,007          | -             | 1,250                                 | -              |
|   | <u>1,250</u>                  | <u>-</u>       | <u>243</u>              | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>1,007</u>   | <u>-</u>      | <u>1,250</u>                          | <u>-</u>       |
| Total   | <u>4,745,259</u>              | <u>198,266</u> | <u>4,118,845</u>        | <u>318,812</u> | <u>266,505</u> | <u>(2,036)</u> | <u>528,380</u> | <u>15,482</u> | <u>4,913,730</u>                      | <u>332,258</u> |

#### Notes

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

## Appendix 3 (continued)

- 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:
- International VAT – An increase based on liabilities due on international sales made during the Administration Trading Period, in jurisdictions where the Company has a local VAT registration. This cost was not included in the original estimate.

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.

## Appendix 4

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

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

| Activity                      | Per fee estimate dated 1 May 2019 |                     |                         | Actual during the Period |                     |                         | Total actual to 6 September 2020 |                     |                         |
|-------------------------------|-----------------------------------|---------------------|-------------------------|--------------------------|---------------------|-------------------------|----------------------------------|---------------------|-------------------------|
|                               | Total hours                       | Total time cost (£) | Average hourly rate (£) | Total hours              | Total time cost (£) | Average hourly rate (£) | Total hours                      | Total time cost (£) | Average hourly rate (£) |
| Accounting and administration | 797.8                             | 294,218             | 369                     | 114.3                    | 51,422              | 450                     | 1,479.8                          | 549,549             | 371                     |
| Bank & statutory reporting    | 247.2                             | 141,988             | 574                     | 41.9                     | 17,434              | 416                     | 285.2                            | 167,295             | 587                     |
| Creditors                     | 428.2                             | 154,982             | 362                     | 7.9                      | 2,500               | 316                     | 456.1                            | 152,048             | 333                     |
| Debtors                       | 322.8                             | 127,830             | 396                     | 33.4                     | 21,020              | 629                     | 292.6                            | 109,527             | 374                     |
| Employee matters              | 441.8                             | 196,956             | 446                     | 5.7                      | 1,799               | 316                     | 481.2                            | 198,417             | 412                     |
| 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                     | 0.5                      | 340                 | 680                     | 14.3                             | 9,729               | 680                     |
| Other assets                  | 604.7                             | 394,993             | 653                     | 37.6                     | 27,654              | 735                     | 691.2                            | 465,021             | 673                     |
| Other matters                 | -                                 | -                   | -                       | 27.2                     | 17,830              | 655                     | 77.0                             | 46,251              | 601                     |
| Property                      | 479.2                             | 207,350             | 433                     | 106.4                    | 54,262              | 510                     | 1,034.2                          | 440,422             | 426                     |
| 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                     | 3.0                      | 696                 | 232                     | 192.5                            | 65,991              | 343                     |
| Trading                       | 1,195.4                           | 592,833             | 496                     | 58.4                     | 31,110              | 533                     | 1,319.1                          | 618,582             | 469                     |
| VAT & taxation                | 218.8                             | 142,358             | 651                     | 105.6                    | 51,478              | 487                     | 526.7                            | 330,672             | 628                     |
| <b>Total</b>                  | <b>6,570.4</b>                    | <b>3,201,109</b>    | <b>487</b>              | <b>541.9</b>             | <b>277,543</b>      | <b>512</b>              | <b>8,260.1</b>                   | <b>3,910,495</b>    | <b>473</b>              |

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"> <li>- <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></li> <li>- Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting</li> <li>- Post-trading reconciliations, including cash to sales reconciliations</li> </ul>  |
| Bank & Statutory Reporting  | <ul style="list-style-type: none"> <li>- <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></li> <li>- Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report</li> <li>- Regular reporting to Wells Fargo Capital Finance (UK) Limited</li> </ul>                  |
| Creditors                   | <ul style="list-style-type: none"> <li>- <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></li> <li>- Receipt and recording of creditor claims</li> <li>- Correspondence with creditors</li> <li>- Adjudicating on claims from preferential and non-preferential unsecured creditors, and processing distributions (as applicable)</li> </ul>   |
| Debtors                     | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category has resulted in a direct financial benefit to creditors of c.£1.22m (GBP equivalent). Future realisations are uncertain, but are likely to be minimal.</i></li> <li>- Discussing and agreeing collections of book debts</li> <li>- Written and verbal correspondence with customers, including providing supporting documentation</li> <li>- Monitoring book debt collections</li> <li>- Realising value from book debts</li> </ul>   |
| Employee Matters            | <ul style="list-style-type: none"> <li>- <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></li> <li>- Dealing with employees, including receipt and recording of employee claims</li> <li>- Writing to employees regarding their TUPE transfer or redundancy (where</li> </ul> |

|                           |  |
|---------------------------|--|
|                           | <ul style="list-style-type: none"> <li>appropriate)</li> <li>- Dealing with ad hoc employee enquiries</li> <li>- Processing payroll for retained employees</li> <li>- Liaising with the Redundancy Payments Service and processing employee claims</li> </ul>  |
| Immediate Tasks           | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category is a statutory requirement and did not necessarily result in a direct financial benefit to creditors.</i></li> <li>- Completion of work streams requiring immediate attention following appointment in order to execute the strategy outlined in the Proposals</li> <li>- Includes attendance at stores upon appointment</li> <li>- All costs under this heading were incurred during the first 5 weeks of the Administration, and no future costs are anticipated</li> </ul>   |
| Investigations            | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category is a statutory requirement and did not result in a direct financial benefit to creditors.</i></li> <li>- Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders"</li> <li>- Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986</li> </ul>   |
| Job Acceptance & Strategy | <ul style="list-style-type: none"> <li>- <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></li> <li>- Matters relating to the appointment, initial planning of the Administration strategy, and formulating and executing the strategy adopted</li> <li>- Considering exit routes from Administration and implementing the most appropriate route as set out in the Joint Administrators' Statement of Proposals</li> </ul> |
| Legal Issues              | <ul style="list-style-type: none"> <li>- <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></li> <li>- Liaising with the Joint Administrators' appointed legal advisors in connection with various work streams (property, retention of title, trading)</li> <li>- Dealing with any ad hoc legal issues which may arise in the Administration</li> </ul>   |
| Other Assets              | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category has resulted in a direct financial benefit to creditors, including c. £239k of rates refunds and rateable value reductions, and c. £422k (at GBP equivalent) realised from overseas subsidiaries.</i></li> <li>- Dealing with all matters pertaining to the realisation of the Company's wholly owned overseas subsidiaries</li> <li>- Realising value from the Company's residual assets</li> <li>- Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment</li> </ul>   |
| Property                  | <ul style="list-style-type: none"> <li>- <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></li> <li>- Dealing with all matters relating to the Company's leasehold properties, including correspondence with landlords, local authorities and utility suppliers</li> <li>- Making arrangements for the exit of leasehold premises</li> <li>- Dealing with license to occupy agreement (as outlined in the Joint Administrators' Statement of Proposals)</li> </ul>                                       |
| Public Relations Issues   | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors</i></li> <li>- Agreeing and issuing statements to the press as required, and dealing with enquiries from the media</li> </ul>   |
| Retention of Title        | <ul style="list-style-type: none"> <li>- <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></li> <li>- Reviewing retention of title claims from suppliers</li> <li>- Discussions with the purchaser in respect of retention of title claims</li> </ul>   |
| Sale of Business          | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category has resulted in a direct financial benefit to creditors of c.£9.81m.</i></li> <li>- Exploring and executing opportunities to sell the business and/or assets of the Companies</li> <li>- Carrying out the sales process in respect of the business and certain assets of the Company, as outlined in the Proposals</li> <li>- Finalising post-sale matters, including deferred consideration matters</li> </ul>   |
| Statutory Duties          | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category is a statutory requirement and has not resulted in a direct financial benefit to creditors.</i></li> <li>- Completion of statutory requirements of the Administration, including notifications to the creditors and members, advertising the appointment and filing documents</li> </ul>  |



|                | at Companies House  |
|----------------|---|
| Trading        | <ul style="list-style-type: none"> <li>- <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 £823k (at GBP equivalent). This may change depending on the finalised trading outcome.</i></li> <li>- Completion of all work associated with trading the business for 5 weeks, including liaising with suppliers and merchant service providers</li> <li>- Monitoring financial information from trading</li> <li>- Dealing with and monitoring ongoing trading strategy in respect of stores, web and concession partners</li> </ul> |
| VAT & Taxation | <ul style="list-style-type: none"> <li>- <i>Work undertaken in this category is a statutory requirement and will not necessarily result in a direct financial benefit to creditors</i></li> <li>- Filing on appointment notices with HM Revenue &amp; Customs</li> <li>- Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists</li> <li>- Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration</li> <li>- Preparing claims for VAT bad debt relief (if applicable)</li> </ul>  |

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.
- *Employee matters*  
Additional time has been spent in dealing with employee claims.
- *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. 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 costs associated with the second deemed approval of the Proposals as referred to in the Previous Reports.
- *Trading*  
Additional time costs incurred as a result of 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 caused us to exceed our time costs estimate. These include a large amount of time spent on the Company's first VAT return reconciling the sales and expenses incurred during the Administration Trading Period and ongoing international VAT return submissions. Further, our VAT specialists have incurred time resolving the Company's removal from the previous VAT group and ensuring a new VAT registration was applied for accordingly.