

TO ALL KNOWN CREDITORS AND MEMBERS

7 October 2019

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 2019 to 6 September 2019** ('the Period') and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 May 2019 ('the Proposals').

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

Summary of progress

Sale of business

On 12 April 2019, the Joint Administrators completed a sale of the Company's UK and Irish business and certain assets to Byland UK Limited ('the Purchaser') for total consideration of £9.81m. Realisations from the sale are presented in the receipts and payments account attached at Appendix 2. A detailed explanation of this transaction was provided in the Proposals, which can be accessed at www.ey.com/uk/lkbennettadministration.

Approval of the Proposals

As reported in the Proposals, the Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Prescribed Part. Consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, we did not seek a decision on the approval of the Proposals from creditors.

There were no requests received for a decision on the approval of the Proposals from creditors whose debts amount to at least 10% of the Company's total debts, nor was there a request received from the unsecured creditors of the Company to call an initial meeting of creditors. Accordingly, the Proposals were initially deemed to be approved on 16 May 2019.

However, the Joint Administrators were later made aware that certain creditors had not received the Proposals. In view of this, the Joint Administrators formally issued the Proposals to these creditors and provided them with an opportunity to request a decision on the approval of the Proposals in accordance with the conditions which had been set out to creditors who had previously been issued the Proposals.

No requests were received on the decision on the approval of the Proposals, or to call a meeting of creditors, in line with the criteria referred to above. As a result, the Proposals were deemed approved for a second and final time on 1 August 2019.

Trading

Trading outcome

As outlined in the Proposals, the Joint Administrators continued to trade the Company, for a period of five weeks covering 7 March 2019 to 11 April 2019 ('Administration Trading Period'), whilst pursuing a sale of certain business and assets of the Company. Sales of c.£4.1m were achieved during the Administration Trading Period.

Work is ongoing to settle liabilities due in relation to services provided by suppliers during the Administration Trading Period, as well as finalising any remaining realisations in respect of outstanding sales. We expect the outcome of the Administration Trading Period to be finalised prior to the next report and anticipate that the Company will have traded at a break-even level or better on a profit and loss basis during the Administration Trading Period.

Licence to occupy

As referred to in the Proposals, the Joint Administrators granted the Purchaser a Licence to Occupy ('LTO') for the head office and 19 of the Company's stores.

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

In the Period, one lease was surrendered and three properties were vacated by the Purchaser. After the Period, a further assignment and surrender of two properties has been completed. As a result, there are 14 remaining properties covered by the LTO, with eight leases due to be assigned/surrendered imminently.

Stores in Ireland

The Company traded two stores in ROI, which were covered under a separate LTO agreement facilitated by a collateral agreement between the directors of the Irish subsidiary and the Purchaser. The lease to one of these stores was surrendered during the Period.

Stores not included in the sale

During the Period, one lease has been surrendered relating to a store not included in the LTO. A further lease has been surrendered after the Period.

Asset realisations

Sale of the business and assets

As reported in the Proposals, as part of the sale of the UK and Irish business and certain assets to the Purchaser, part of the consideration was deferred under the terms of the Business and Assets Sale Agreement ('BASA'). At 12 April 2019, £9.4m was received on completion and deferred consideration of £409k was received in full during the Period. A split of the consideration is summarised below:

Consideration	<i>On completion (£m)</i>	<i>Deferred (£m)</i>	<i>Total received during the Period (£)</i>
Intellectual Property	1.475	Nil	1.475
Equipment	0.825	Nil	0.825
Stock	7.100	0.409	7.509
Total	9.400	0.409	9.809

Debtors

As stated in the Proposals, the Company's books and records show outstanding debtors in respect of pre-appointment sales to wholesale debtors of £809k and concession debtors of £938k. As previously reported, the Company's management team has indicated that £116k of concession debtors and £120k of wholesale debtors are considered to be bad debts. The Joint Administrators are also of the view that there are further bad debts based on the work performed to date.

During the Period, we have realised £526k in relation to wholesale debtors and £568k in relation to concession debtors. Note that debtor realisations during the Period have comprised GBP, Euro and USD receipts, but have been converted to GBP for comparison purposes.

We continue to pursue debtors for payment of remaining outstanding balances, but as discussed above, recognise that not all debtors are collectible given inherent limitations in the accuracy of the Company's records in respect of debtors and known bad debts.

Cash held by merchant service acquirers

As reported in the Proposals, c.£330k of cash was held by the Company's merchant service acquirers relating to pre-appointment balances held as retentions. No realisations were received in the Period, however c.£196k of this was realised after the Period. We continue to pursue the return of the remaining £134k due to the Company, where the majority is expected to be collectible.

Other asset realisations

In addition to those asset realisations referred to above, since their appointment, the Joint Administrators have realised the following assets in respect of the Company (all at GBP equivalent):

- £173k in respect of a pre-appointment insurance claims in relation to the theft of Company assets;
- £6k in respect of interest received on cash held in interest bearing bank accounts;
- £153k of cash collateral relating to a lease previously held in France;
- £112k of refunds due to the Company relating to pre-appointment business property rates

- prepaid by the Company;
- £396k of cash from the Company's pre-appointment bank accounts;
 - £2.5k of cash on hand in the stores closed shortly after the Company entered administration; and
 - £750k of cash in transit, being funds held by the Company's merchant services acquirers upon the appointment of the Joint Administrators.

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

Assets remaining to be realised

International subsidiaries

As stated in the Proposals, following the completion of the BASA on 12 April 2019, the Purchaser was entitled to undertake due diligence in respect to the potential purchase of the Company's shares in its international subsidiaries. Unfortunately, no offer to acquire any of the shares in any of the subsidiaries was made prior to the expiry of the exclusivity period on 12 June 2019. Further, the non-exclusive and irreversible licence granted to subsidiaries trading internationally to sell "LK Bennett" branded products expired on 31 August 2019. Therefore, trading has now ceased in all overseas entities.

A summary of the key subsidiary updates is included below:

- **USA** – LK Bennett USA Inc. entered Chapter 11 proceedings in the US on 3 April 2019. Trading in the US ceased in early June 2019 with all stores closed. A structured dismissal process to bring the Chapter 11 proceedings to an end was agreed with the US Bankruptcy Court on 19 August 2019. This dismissal process represented a compromise between the different classes of creditors to avoid the costs associated with a liquidator being appointed under Chapter 7 proceedings. To facilitate this, a sum of \$250k was ring fenced for unsecured creditors in the USA. The Company (as a connected party) agreed that it would not participate in this dividend to unsecured creditors 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.
- **Spain / Portugal** – in August 2019, LK Bennett Iberian S.L. entered into an Asset Sale Agreement with a Spanish subsidiary established by the Purchaser. Subject to tax clearance and other conditions subsequent to the agreement being achieved, a part payment of the Company's intercompany receivable due from the Spanish subsidiary may be realised. Further details will be provided in our next report.
- **France** – LK Bennett Paris SARL entered insolvent liquidation on 5 September 2019. We do not expect there to be any realisations for the French subsidiary's non-preferential creditors and accordingly no repayment of the intercompany loan due to the Company. However, we await an update report from the French liquidator.
- **Netherlands** – a trustee in bankruptcy was appointed to LK Bennett Holland BV on 2 July 2019. A claim has been lodged on behalf of the Company with the trustee. The Company has a €1.2m intercompany claim against the Dutch subsidiary, however we currently understand that there will no dividend paid to non-preferential creditors.

- **Ireland** – LK Bennett Ireland Limited was a non-trading entity registered in the Republic of Ireland and originally established for the purposes of entering into leases in Ireland at two stores, with the Company acting as guarantor. The Company owned the inventory in Ireland and this was sold to the Purchaser under the terms of the BASA.

Other matters

Investigations

The Joint Administrators have undertaken an investigation into the Company's affairs following their appointment pursuant to Statement of Insolvency Practice Number 2 (Investigations by Office Holders) ('SIP 2') and the Company Directors Disqualification Act 1986.

The Joint Administrators have concluded and submitted to the Insolvency Service, their confidential return on the conduct of all persons who have been directors, shadow directors or de-facto directors of the Company during the three years preceding the administration appointment.

There are no continuing SIP 2 investigations and no specific investigations or actions have been requested by creditors.

Retention of title

As communicated in the Proposals, the Purchaser has taken on the obligations in dealing with retention of title ('ROT') claims. £30k of ROT claims were settled during the Period relating specifically to stock sold in the Administration Trading Period only.

Tax Affairs

VAT

Prior to entering administration, the Company was the representative member of a VAT group inclusive of the Company and Cavendish Holdco Limited (formerly named L.K. Bennett London Limited).

On 30 June 2019, the Company was notified by HMRC that the VAT group would be disbanded, as Cavendish Holdco Limited had been removed from the VAT group with effect from 7 March 2019.

Consequently, the Company requested to re-register for VAT purposes on a standalone basis. The Company's request was approved by HMRC on 15 August 2019 and the Company was re-registered for VAT effective 1 July 2019.

The first post-administration VAT return, covering the period from 7 March 2019 to 30 June 2019, was requested by HMRC to be submitted under the Company's previous VAT registration. This was submitted after the Period and represented a VAT liability due to HMRC.

Corporation tax

We will instruct EY tax specialists to prepare the first corporation tax return for the Company, as required.

PAYE and national insurance

All PAYE and NI related returns have been filed and paid in accordance with HMRC requirements.

Litigation claims

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

Receipts and payments account

A summary of our receipts and payments for the period from 7 March 2019 to 6 September 2019 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 remuneration of £2,985,512. Of this sum, £622,947 was billed and paid in the Period. A further £850,000 has been billed and paid after 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.

We anticipate that our remuneration may exceed the Fee Estimate, but as at the date of this report, cannot yet quantify the extent to which the Fee Estimate may be exceeded. We will provide a further update in our next report. The reasons we anticipate we may exceed 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 £3,695,134 and €275,422 (both exclusive of VAT). A breakdown of expenses incurred in the Period and to date can be found at Appendix 3 of this report.

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

Pre-administration costs

As communicated in the Proposals, approval was sought from both the secured and preferential creditors for payment of unpaid pre-administration time costs totalling £213,372 (exclusive of VAT). In addition to this, a request to approve £1,386 of incurred pre-administration expenses which remained unpaid at the date of the Proposals, was also made. The requests were approved by the secured creditor and preferential creditors on 14 June 2019 and 20 June 2019 respectively.

During the Period, £214,758 (exclusive of VAT) has been billed and paid, comprising £178,439 incurred by Ernst & Young LLP (£177,053 of time costs and £1,386 of expenses) and £36,619 incurred by DLA.

There are no remaining pre-administration unpaid costs to be billed and paid.

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.

During the Period, £6,110,989 (at GBP equivalent) has been distributed to Wells Fargo in respect of their secured claim against the Company, inclusive of amounts also distributed directly from pre-appointment bank accounts. As discussed earlier, a further c.\$1.2m has also been distributed to Wells Fargo from US realisations.

A further distribution of £1,100,000 was made to Wells Fargo after the Period. We intend to make further distributions during the Administration to Wells Fargo, with the quantum of these distributions unknown as at the date of this report. We will provide a further update in our next report.

Preferential creditors

No distributions to the Company’s preferential creditors have been made during the Period. We expect to quantify the total preferential claims and make distributions accordingly within the next six months.

Non-preferential unsecured creditors

As communicated in the Proposals, 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.

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

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

Remaining work

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

- Finalising the administration, including calculating and payment of all administration trading liabilities;
- Calculating the corporation tax position of the Company as at the date of appointment, and for subsequent periods during the administration;
- Continuing to prepare and file post-appointment VAT returns under the new VAT registration;
- Finalising matters relating to the LTO granted to the Purchaser, continuing to liaise with landlords and facilitating rent payments (where applicable);
- Continuing to deal with the Company's overseas subsidiaries, including completing potential sales (as applicable);
- Dealing with statutory reporting and compliance obligations, including reporting to creditors;
- Making further distributions to the secured creditor (if applicable);
- Agreeing preferential creditor claims and distributing any amounts due to the preferential creditors;
- Continuing to agree unsecured creditor claims, and distributing amounts due to unsecured creditors (by virtue of the Prescribed Part);
- If the Joint Administrators deem it appropriate, to seek an extension and/or further extensions to the administration from the Company's creditors and/or the court; and
- Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the administration.

Extension to the initial period of appointment

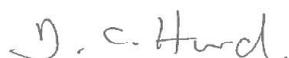
Insolvency legislation currently provides for an administration to automatically come to an end after a period of 12 months. As there will be a number of key outstanding issues to resolve, primarily those referred to above, we are likely to seek an extension to the initial period of the administration, with the consent of the creditors in the first instance.

We will seek consent from the secured creditors and preferential creditors to extend the period of the administration by 12 months to 7 March 2021 at the appropriate time prior to the automatic expiry of the administration.

Next report

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

Yours faithfully
for the Company



D C Hurd
Joint Administrator

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

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

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

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

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

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts of England and Wales (Insolvency Companies List)
Court reference:	1534 of 2019
Registered name of the company:	L.K. Bennett Limited
Registered office address of the company:	c/o Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ
Registered number:	02699136
Country of incorporation (for a company incorporated outside the United Kingdom):	n/a
Date of appointment of the Joint Administrators:	7 March 2019
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd, Robert Hunter Kelly, Craig Anthony Lewis
Office holder number(s):	20030, 8582 and 9356
Administrators' address(es):	Daniel Christopher Hurd, Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ Robert Hunter Kelly, Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR Craig Anthony Lewis, Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Telephone number:	0121 535 2675
Name of alternative person to contact with enquiries about the case:	Michael Thalassitis

Appendix 2

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

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

Per the Estimated Statement of Financial Position £	RECEIPTS	GBP	EURO	USD
	FIXED CHARGE ASSETS			
	Bank Interest	2,886.85		
915,984.00	Debtors			
	Wholesale	2,096.67	297,370.68	338,775.92
	Concession	450,972.71	132,414.22	
	Customer List	1.00		
1,474,993.00	Goodwill	1.00		
	Intellectual Property	1,474,991.00		
	Pre Appointment Insurance Claims	173,400.15		
		<u>2,104,349.38</u>	<u>429,784.90</u>	<u>338,775.92</u>
	FLOATING CHARGE ASSETS			
825,000.00	Equipment	825,000.00		
7,508,000.00	Stock (including deferred consideration)	7,508,948.00		
	Sale of Business - Sundry Consideration			
	IT	1.00		
	Computer equipment	1.00		
	Books & records	1.00		
	Business name	1.00		
	Cash in stores	1.00		
	Concession Agreements	1.00		
	Other contracts	1.00		
	Cash Collateral	152,539.12		
	Purchaser Licence Fees	1,070,329.30	(39,615.22)	
	Net funds held on behalf of Purchaser after payments	263,673.84	(18,186.99)	
	Rates Refunds	112,107.46		
	Sundry Income	191,262.94	78,587.42	5,790.53
987,753.00	Cash at Date of Appointment	2,501.47		
	In hand and at Bank	8,423.32	423,037.64	16,605.00
	In transit	749,643.82		
	Bank Interest	3,065.70		
100,000.00	Income from subsidiaries			
	USA			33,253.00
	Netherlands		302,425.18	
	Trading surplus/(deficit)	<u>618,218.32</u>	<u>286,296.76</u>	
		<u>11,505,720.29</u>	<u>1,032,544.79</u>	<u>55,648.53</u>

Appendix 2 (continued)

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

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

Per the Estimated Statement of Financial Position £	PAYMENTS	GBP	EURO	USD
	FIXED CHARGE PAYMENTS			
	Wells Fargo - Fixed Charge Distribution	1,010,188.11	407,360.44	395,201.19
	Bank charges	388.33		
	Agents Fees	375.00		
		(1,010,951.44)	(407,360.44)	(395,201.19)
	FLOATING CHARGE PAYMENTS			
	Joint Administrators Fees	622,947.00		
	Joint Administrators Disbursements	60,997.42		
	Agents Fees	2,125.00		
	Irrecoverable VAT	22,137.90	5,178.18	
	Legal Fees and Disbursements	217,400.25	48,651.50	
	Wells Fargo - Floating Charge Distribution	4,423,528.00		16,605.00
	Store Closures	213,801.06		
	Statutory Advertising	87.48		
	Storage Charges	85.00		
	Other Professional Fees	25,500.00		
	Pre-appointment Fees	214,757.50		
	Sundry Expenses	647.36		
	Data Room	11,244.67		
	Bank charges	2,712.63	783.29	590.60
	Costs of Dealing with Subsidiaries	25,360.00	371,301.81	
		(5,843,331.27)	(425,914.78)	(17,195.60)
	NET RECEIPTS AND PAYMENTS	6,755,786.96	629,054.47	(17,972.34)
	REPRESENTED BY			
	Interest bearing accounts	6,564,589.88	1,208,134.05	7,188.53
	NET VAT Receivable/(Payable)	(345,527.39)	(100,792.70)	
	Pension Control	(219.07)		
	Rent Deposit Control	33,495.79		
	Total:	6,252,339.21	1,107,341.35	7,188.53
	GBP Equivalent as at 6 September 2019	6,252,339.21	980,550.77	5,525.82
	Total GBP Equivalent:	7,238,415.80		

Appendix 2 (continued)

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

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

ANALYSIS OF TRADING RECEIPTS & PAYMENTS

RECEIPTS	GBP	EURO
POST APPOINTMENT SALES		
Sales - Barclays	2,825,393.09	
Sales - Paypal	226,909.73	
Sales - AMEX	203,439.34	
Sales - Cash	62,691.38	
Sales - Concessions	412,056.76	
Sales - Ireland	0.00	438,229.11
	<u>3,730,490.30</u>	<u>438,229.11</u>
COST OF SALES		
Consumables	9,942.22	
Concession fees	4,402.68	
Logistics	384,549.41	
Administration Funding Agreement - Fees & Interest	26,472.00	
Merchant & Acquirer Costs	117,195.92	
Stock release fees & ROT	54,697.54	
Ransom Payments	182,609.10	
	<u>(779,868.87)</u>	<u>0.00</u>
TRADING OVERHEADS		
Gross Wages	1,085,468.05	146,416.31
Employers NIC	91,734.07	
Employee benefits	2,723.69	
Employee contributions	(1,123.20)	
Contractors	131,212.40	
Electricity	22,584.53	
Sundry trading overheads	1,554.00	
Telephone	65,333.33	
Rates	135,959.69	
Property Service Charges	39,498.09	
Rent		
Trading period	678,180.07	
Received on behalf of subtenants	(167,383.29)	
Paid on behalf of subtenants	69,872.12	
Insurance	4,928.91	
Website Costs	35,608.81	
IT	86,094.30	
Employee Expenses		
Pre Appointment Expenses	1,666.05	
Post Appointment Expenses	8,119.81	5,516.04
Pension Contributions	18,728.34	
Photoshoots & Advertising	4,651.01	
Property Maintenance Costs	16,992.33	
	<u>(2,332,403.11)</u>	<u>(151,932.35)</u>
NET TRADING RECEIPTS/(PAYMENTS)	<u>618,218.32</u>	<u>286,296.76</u>
GBP EQUIVALENT AS AT 6 September 2019	618,218.32	253,515.78
GBP TRADING SURPLUS/(DEFICIT)	871,734.10	

Appendix 2 (continued)

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

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

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

Appendix 3

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

Joint Administrators' summary of expenses incurred as at 6 September 2019

	Per estimate dated 1 May 2019		Paid in Period		Outstanding		Total estimate as at 6 September 2019	
	GBP	EUR	GBP	EUR	GBP	EUR	GBP	EUR
	£	€	£	€	£	€	£	€
Trading payments								
Logistics	413,449	-	384,549	-	28,900	-	413,449	-
Administration Funding Facility: Wells Fargo	29,472	-	26,472	-	3,000	-	29,472	-
Merchant & Acquirer Costs	139,340	-	117,196	-	22,144	-	139,340	-
Stock Release Fees	25,739	-	24,953	-	-	-	24,953	-
ROT	-	-	29,745	-	115,000	-	144,745	-
Ransom Payments	172,609	-	182,609	-	-	-	182,609	-
Wages	1,090,050	142,238	1,085,468	146,416	4,582	-	1,090,050	146,416
Employers NI and benefits	94,630	5,000	93,335	-	1,295	5,000	94,630	5,000
Consumables	14,942	-	9,942	-	5,000	-	14,942	-
Concession Fees	-	-	4,403	-	-	-	4,403	-
Contractors	131,262	-	131,212	-	50	-	131,262	-
Electricity	29,005	-	22,585	-	10,014	5,000	32,599	5,000
Telephone	105,333	-	65,333	-	40,000	5,000	105,333	5,000
Rent and Service Charges	985,533	-	620,167	-	365,366	-	985,533	-
Rates	400,000	-	135,960	-	264,040	-	400,000	-
Insurance	11,929	-	4,929	-	20,071	-	25,000	-
Website Costs	59,963	-	35,609	-	24,354	-	59,963	-
IT	112,278	-	86,094	-	26,184	-	112,278	-
Employee Expenses	9,776	1,028	9,786	5,516	-	-	9,786	5,516
Pension Contributions	18,727	-	18,728	-	-	-	18,728	-
Photoshoots & Advertising	17,461	-	4,651	-	12,810	-	17,461	-
Property Maintenance Costs	30,481	-	16,992	-	13,489	-	30,481	-
Sundry Trading Overheads	-	-	1,554	-	10,000	5,000	11,554	5,000
	<u>3,891,979</u>	<u>148,266</u>	<u>3,112,272</u>	<u>151,932</u>	<u>966,299</u>	<u>20,000</u>	<u>4,078,571</u>	<u>171,932</u>
Other payments which are not disbursements								
Insurance	50,000	-	-	-	25,000	-	25,000	-
Advertising	2,000	-	87	-	1,913	-	2,000	-
Storage	5,000	-	85	-	4,915	-	5,000	-
Agent's Costs: Hilco (including store closures)	180,000	-	172,125	-	-	-	172,125	-
Agent's Costs: Other	30,000	-	44,176	-	-	-	44,176	-
Legal Costs: DLA Piper	520,000	-	217,400	-	432,600	-	650,000	-
Legal Costs: A&L Goodbody	-	50,000	-	48,652	-	-	-	48,652
Other professional fees	-	-	25,500	-	-	-	25,500	-
Bank charges	-	-	3,101	783	3,000	-	6,101	783
Sundry expenses	-	-	647	-	40,000	-	40,647	-
Data room	-	-	11,245	-	-	-	11,245	-
Cost of Dealing with Subsidiaries*	-	-	25,360	68,877	115,000	-	140,360	68,877
Irrecoverable VAT	-	-	22,138	5,178	50,000	-	72,138	5,178
	<u>787,000</u>	<u>50,000</u>	<u>521,865</u>	<u>123,490</u>	<u>672,427</u>	<u>-</u>	<u>1,194,292</u>	<u>123,490</u>
Category 1 disbursements								
Specific Penalty Bond	1,280	-	1,280	-	-	-	1,280	-
Accommodation & Subsistence	40,000	-	35,984	-	4,016	-	40,000	-
Travel Costs (excluding mileage)	21,000	-	21,875	-	1,500	-	23,375	-
Postage & Printing	2,750	-	1,616	-	1,134	-	2,750	-
	<u>65,030</u>	<u>-</u>	<u>60,755</u>	<u>-</u>	<u>6,650</u>	<u>-</u>	<u>67,405</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>1,007</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
Total	<u>4,745,259</u>	<u>198,266</u>	<u>3,695,134</u>	<u>275,422</u>	<u>1,646,383</u>	<u>20,000</u>	<u>5,341,517</u>	<u>295,422</u>

*Dutch related receipts and subsequent payment made to Dutch liquidator netted off to zero

Appendix 3 (continued)

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

Joint Administrators' summary of expenses incurred as at 6 September 2019

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
- 3 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:
 - ROT – The increase is in relation to a ROT claim settled in the Period and a potential outstanding claim which has yet to be resolved.
 - Ransom payments – The increase of £10k relates to an additional ransom payment made to the Company's payroll providers, to enable continued use of services.
 - Wages – The increase primarily relates to a further payment due to the revenue commissioner not previously estimated.
 - Concession fees – At the date of the initial fee estimate, it was uncertain as to how accounting for concession income would be treated by all concession partners, and it has since become clear that some concession partners invoice the Company directly in respect of fees.
 - Electricity and telephone – Relates to additional costs expected to be incurred for the Administration Trading Period, based on bills received to date.
 - Insurance – Increase of c.£13k based on updated quotes from insurers.
 - Employee expenses – Increase due to additional valid expenses claims received that were not originally anticipated.
 - Sundry trading overheads – Increase reflects both additional sundry costs paid and those forecasted to be paid during the Administration.
 - Agent costs – Additional costs incurred in respect of the closure of stores.
 - Legal costs – Increase in legal costs primarily due to ongoing property matters, assisting with retention of title claims and advice in respect of the international subsidiaries.

- Other professional fees – Costs incurred in respect of dealing with appointing a former Company director to deal with the international subsidiaries, including assisting with any potential future asset realisations from these subsidiaries.
- Bank charges – An estimate of bank charges was omitted from the previous expenses estimate.
- Sundry expenses - An estimate of sundry expenses was omitted from the previous expenses estimate. Sundry expenses include costs relating to storage and other related case closure costs.
- Data room – Cost relating to the data room for potential interested parties during the sale process, was omitted from the previous expenses estimate.
- Cost of dealing with subsidiaries – The direct costs of dealing with the Company's international subsidiaries were not clear at the date of the previous expenses estimate. Costs have since been incurred in relation to legal fees and employing a director to assist in the wind down of the subsidiaries. The majority of costs incurred in respect of Netherlands have been offset by receipts from a Dutch concession partner; with the residual balance of those receipts being forwarded to the liquidator of the Dutch subsidiary.
- Irrecoverable VAT – Relates to certain invoices which the Company were not able to reclaim VAT on.

Appendix 4

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

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

Activity	Per fee estimate dated 1 May 2019			Actual in the Period			Total actual to 6 September 2019		
	Total hours	Time costs (£)	Average hourly rate (£)	Total hours	Time costs (£)	Average hourly rate (£)	Total hours	Time costs (£)	Average hourly rate (£)
Accounting & Administration	797.8	294,218	369	980.0	369,702	377	980.0	369,702	377
Bank & Statutory Reporting	247.2	141,988	574	166.5	104,884	630	166.5	104,884	630
Creditors	428.2	154,982	362	314.8	106,797	339	314.8	106,797	339
Debtors	322.8	127,830	396	248.1	82,270	332	248.1	82,270	332
Employees	441.8	196,956	446	459.4	192,271	419	459.4	192,271	419
Immediate Tasks	381.3	180,733	474	408.8	194,050	475	408.8	194,050	475
Enquiries & Investigations	103.7	43,109	416	66.7	27,726	416	66.7	27,726	416
Job Acceptance & Strategy	44.5	38,775	871	20.5	20,688	1,009	20.5	20,688	1,009
Legal Issues	26.8	16,470	615	13.8	9,389	680	13.8	9,389	680
Other Assets	604.7	394,993	653	545.1	363,706	667	545.1	363,706	667
Other Matters	-	-	-	13.9	8,412	605	13.9	8,412	605
Property	479.2	207,350	433	477.2	188,895	396	477.2	188,895	396
Public Relations issues	40.8	30,693	752	4.8	3,328	693	4.8	3,328	693
Retention of Title	132.5	47,094	355	106.1	41,471	391	106.1	41,471	391
Sale of Business	938.1	538,460	574	790.9	462,960	585	790.9	462,960	585
Statutory Duties	166.8	52,266	313	163.6	57,081	349	163.6	57,081	349
Trading	1,195.4	592,833	496	1,090.6	540,234	495	1,090.6	540,234	495
VAT & Taxation	218.8	142,358	651	275.0	211,647	770	275.0	211,647	770
Total	6,570.4	3,201,109	487	6,145.8	2,985,512	486	6,145.8	2,985,512	486

Further details of the work to be completed during the Administration can be found at the Proposals.

Whilst the total time costs during the Administration to date do not exceed the Fee Estimate, the following categories have exceeded the estimate on an individual activity level:

- 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.
- 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 Matters**
The Fee Estimate had forecasted no time costs for 'Other Matters', however during the Period, we have incurred time costs in relation to various matters including general team meetings regarding the strategy of the administration and insurance requirements post-Administration Trading Period.
- 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 previously referred to.
- 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, which involved a substantial amount of work to confirm the VAT liability due to HMRC. 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.