

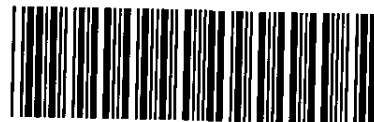
LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



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27/01/2018

#330

COMPANIES HOUSE

1 Company details

Company number 0 0 2 2 9 6 0 6

Company name in full SHB Realisations Limited (formerly BHS Limited)

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Anthony John

Surname Wright

3 Liquidator's address

Building name/number 2nd Floor

Street 110 Cannon Street

Post town London

County/Region

Postcode E C 4 N 6 E U

Country

4 Liquidator's name ①

Full forename(s) Geoffrey Paul

Surname Rowley

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ①

Building name/number 2nd Floor

Street 110 Cannon Street

Post town London

County/Region

Postcode E C 4 N 6 E U


Country

① Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report											
From date	^d 0	^d 2	^m 1	^m 2	^y 2	^y 0	^y 1	^y 6				
To date	^d 0	^d 1	^m 1	^m 2	^y 2	^y 0	^y 1	^y 7				
7	Progress report											
<input checked="" type="checkbox"/> The progress report is attached												
8	Sign and date											
Liquidator's signature	Signature X  X											
Signature date	^d 2	^d 6	^m 0	^m 1	^y 2	^y 0	^y 1	^y 8				

LIQ03

Notice of progress report in voluntary winding up



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Patrick Donnan
Company name	FRP Advisory LLP
Address	2nd Floor
	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	
DX	
Telephone	020 3005 4000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

SHB Realisations Limited (formerly BHS Limited) (in Liquidation) ("the Company")

The Joint Liquidators' Progress Report for the period from 2 December 2016 to 1 December 2017 pursuant to section 104A of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016

26 January 2018

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2.	Estimated outcome for the creditors
3.	Joint Liquidators' remuneration, disbursements and expenses
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B.	Joint Liquidators' receipts & payments account for the Period
C.	Joint Liquidators' schedule of work
D.	Details of the Joint Liquidators' time costs and disbursements incurred the Period
E.	Statement of expenses incurred in the Period

The following abbreviations may be used in this report:

FRP Advisory	FRP Advisory LLP
The Company	SHB Realisations Limited (formerly BHS Limited) (in Liquidation)
The Joint Liquidators	Anthony John Wright and Geoffrey Paul Rowley of FRP Advisory LLP
The Period	The reporting period, being from 2 December 2016 to 1 December 2017
CVL	Creditors' Voluntary Liquidation
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs
Former Joint Administrators	Philip Duffy and Benjamin Wiles of Duff and Phelps Limited
CVA	Company Voluntary Arrangement
GB	GB Europe Management Services Limited
LoC	Letters of credit
Barclays	Barclays Bank plc
Arcadia	Arcadia Group Limited
tPR	The Pensions Regulator
PPF	The Pension Protection Fund
Grovepoint	Grovepoint Credit Funding 2 Limited
EY	Ernst & Young LLP

1. Progress of the liquidation

This report should be read in conjunction with the previous reports issued by the Former Joint Administrators.

Work undertaken during the Period and work yet to be completed

I attach at Appendix C a schedule detailing the work undertaken by the Joint Liquidators during the Period together with a summary of work still to be completed. Below is a high-level summary of the key areas of work completed in the Period:

Handover

As creditors will be aware, the Company entered administration on 25 April 2016 with the Former Joint Administrators appointed at that time by the Company's directors. The Joint Liquidators were appointed pursuant to an Order of the High Court to act as concurrent administrators on 22 July 2016 and their remit focussed on progressing investigations into the circumstances surrounding the Company's insolvency which may lead to claims made for the benefit of creditors.

Upon the Company entering CVL on 2 December 2016, the Joint Liquidators were appointed and the Former Joint Administrators ceased to act. The Joint Liquidators met with the Former Joint Administrators and obtained copies of working files and relevant correspondence and conducted a handover. Following this process, the Joint Liquidators have been able to progress all aspects of the liquidation in an efficient manner for the benefit of all the Company's creditors.

The funds held by the Former Joint Administrators, totalling £68m, were transferred to accounts controlled by the Joint Liquidators shortly following their appointment and are reflected in the receipts and payments account at Appendix B.

Trading

The Former Joint Administrators' records indicated there was approximately £6.5m of liabilities which related to the period during which the Company had continued to trade in administration which had not been paid when the Joint Liquidators were appointed.

The Joint Liquidators have since liaised with various parties to finalise the Company's accounts and this process is now largely complete. Total liabilities paid by the Joint Liquidators to date total £4.8m which is significantly less than forecast by the Former Joint Administrators.

Asset realisations

The Joint Liquidators have been realising the remaining assets of the Company since their appointment, extensive details of which are contained within the schedule of work at Appendix C. In summary, the Joint Liquidators have:

- Realised a premium of £600k in respect of a leasehold interest;
- Sold residual stock for £50k, which had potential branding and intellectual property issues;
- Liaised with their appointed legal advisers regarding the three outstanding international franchise accounts, one of which was settled for a value of £90k during the Period;
- Received £2.7m held by Bardays in respect of letters of credit, cash at bank and a duty deferment bond;
- Contacted various third parties who previously provided services to the Company resulting in refunds totalling £300k;
- Engaged a special business rates auditor to review payments previously made by the Company resulting in £587k of refunds being processed;
- Liaised with various merchant service providers to make arrangements for £2.6m to be returned to the Company following the expiration of any potential chargeback liability;
- Settled two commercial disputes arising out of a service agreement and concession agreement for a total of £515k; and
- Identified an additional £339k of VAT which had not been reclaimed by the Former Joint Administrators.

1. Progress of the liquidation

The assets which remain to be realised are the debts due from the Company's international franchise partners and bonds held by utility companies, further details of which can be found at Appendix C, as well as any as yet unknown assets which may be identified as a result of the Joint Liquidators' ongoing investigations.

Property

The Joint Liquidators have been in protracted discussions with a significant number of landlords during the Period to agree surrenders of the Company's remaining leasehold interests where possible. These discussions have resulted in a material reduction in the quantum of unsecured claims received which has in turn increased the dividend available for the remaining creditors.

The majority of the Company's leases have now been dealt with following a number of disclaimers being issued during the Period. The Joint Liquidators will look to determine the remaining leases in the following reporting period.

Inter-company position

To assist with determining the debtor and creditor position of the Company, analysis has been performed to determine and agree the inter-company position between BHS Group Limited and its subsidiaries, including the Company, as at the date of administration.

Receipts and payments account

Attached at Appendix B is a receipts and payments account detailing transactions for the Period since my appointment as Joint Liquidator. Receipts and payments are shown net of VAT, which is payable and recoverable in the liquidation.

Investigations

As Joint Liquidators, we have a statutory duty to investigate the circumstances surrounding the Company's demise. In discharging this duty, we have conducted enquiries into the Company's business, dealings and affairs in order to establish whether there are any potential assets or recoveries available to realise for the benefit

of the estate, including any potential claims against third parties, taking into account the potential recoveries and associated costs of bringing such recovery actions.

Our enquiries into these matters to date have been, and continue to be, extensive but proportionate given the size of the Company and the quantum of realisations and creditors. A comprehensive data collation exercise has been undertaken and is continuing. The collation of books, records and information relating to the Company continues, with the Joint Liquidators obtaining the files of a large number of firms of accountants, auditors, tax advisors, property agents and solicitors who had historically been instructed by the Company (or otherwise had dealings with the Company in respect of their separate engagements), in order to investigate any other potential assets and/or cause for recovery actions. We have sought information from directors and former directors as well as from other third parties and invited creditors to provide information on any concerns they may have in the way in which the Company's business was conducted.

A substantial review of the Company's books and records and accounting information has been carried out and a data review platform has been, and continues to be, utilised to streamline the processing of the available information and identification of key relevant documents.

Due to the sensitive and largely privileged nature of the investigations, I am unable to provide substantial information to creditors on the current investigation streams at this juncture, apart from those detailed in the schedule of work at Appendix C.

It is noted that the Joint Liquidators reached an agreement with Arcadia in relation to a number of matters, including Arcadia's floating charge dated 14 April 2015. We can confirm that as part of the agreement, over £30 million was released from reserves held in relation to Arcadia's secured claim into the monies available for the Company's unsecured creditors and the floating charge was released.

We have continued to liaise with several relevant third-party agencies such as the Insolvency Service, the PPF and tPR as necessary.

1. Progress of the liquidation

If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate, please contact this office by post at 110 Cannon Street, London, EC4N 6EU, telephone at 020 3005 4000 or by email to Patrick.Donnan@frpadvisory.com.

2. Estimated outcome for the creditors

The estimated outcome for creditors was detailed in the progress reports issued by the Former Joint Administrators.

Outcome for secured creditors

Arcadia

As mentioned above, the Joint Liquidators reached an agreement with Arcadia in relation to a number of matters, including Arcadia's floating charge dated 14 April 2015. The Joint Liquidators can confirm that as part of the agreement, over £30m was released from reserves held in relation to Arcadia's secured claim into the monies available for the Company's unsecured creditors and the floating charge was released.

Barclays

Barclays had three outstanding charges registered at Companies House. Barclays recovered its exposure as at the date of administration from the credit balances it was holding, as per the terms of its security.

GB

GB has the benefit of fixed charge security over the Company's long leasehold interest in the store at Cribbs Causeway, Bristol. The principal amount secured is £9.4m however further charges, interest and default interest have continued to accrue on this amount.

Following the Company entering administration, GB appointed a receiver over the leasehold interest, but no sale was concluded. Upon the Company entering liquidation, the receiver resigned and the Joint Liquidators are now responsible for realising this asset. No sale has been achieved to date and no amounts paid to GB. Creditors will be updated in the next report to creditors, but it should be noted that GB would be able to claim as an unsecured creditor for any shortfall it may suffer in respect of its outstanding loan.

Grovepoint

Grovepoint was owed £19m by the Company and related BHS group entities as at the date of administration and had the benefit of fixed charge security over freehold and leasehold interests, both owned by the Company and the BHS group entities.

All entities party to the Grovepoint facility provided cross-guarantees to secure the liability. Grovepoint was repaid £10m by the Company during the administration and the remaining indebtedness was discharged by other BHS group companies from property disposals.

Preferential creditors

The Joint Liquidators are not aware of any preferential claims in the liquidation. Creditors should refer to the progress reports of the Former Joint Administrators for further details.

Unsecured creditors

I have received claims totalling £997,882,936 from unsecured creditors who have proved their debts in these proceedings. Claims received have been agreed where possible and a dividend of 3.62 pence in the pound was declared on 10 November 2017.

I am holding the sum of £181,127 in respect of claims I have received but have not yet adjudicated. The total value of these claims is £5,003,507. Further information has been requested from these creditors to assist in the adjudication process. If the requested information is not received in a reasonable timeframe, these claims will be rejected and the funds held in reserve will be available for the unsecured creditors.

Total funds made available to creditors in respect of agreed and reserved claims total £36,123,362.

2. Estimated outcome for the creditors

The prescribed part

In accordance with the Insolvency Act 1986, the prescribed part is an element of net realisations due to the floating charge holder which is made available for unsecured creditors (subject to the floating charge post-dating 15 September 2003).

As there is no floating charge creditor, the prescribed part does not apply in this instance.

3. Joint Liquidators' remuneration, disbursements and expenses

Joint Liquidators' remuneration

As advised in previous correspondence, the Company's creditors passed a resolution that the Joint Liquidators' remuneration should be calculated on a time cost basis. Fees of £2,153,911 excluding VAT have been drawn from the funds available during the Period.

A breakdown of my firm's time costs incurred during the Period is attached at Appendix D.

Creditors previously agreed the Joint Liquidators' fee estimate for the Period in the sum of £2,421,417. The Joint Liquidators will draw further remuneration up to this amount in respect of time incurred during the Period in due course. A request to increase the Joint Liquidators' fee estimate to take into account the work that is anticipated for the period 2 December 2017 to 1 December 2018, and to reflect the costs incurred over and above the fee estimate for the first year of the liquidation, will be issued shortly.

Time costs for the Period have exceeded the fee estimate previously approved by creditors. This is due to two work streams being progressed in the Period which were specifically excluded from the fee estimate prepared; namely the adjudication of creditor claims and the declaration of an interim dividend and the reconciliation of the inter-company position.

The Joint Liquidators are unable to draw fees based on time costs exceeding the total amount set out in the fee estimate previously provided without further approval of the creditors.

Joint Liquidators' disbursements

The Joint Liquidators' disbursements are a recharge of actual costs incurred by the Joint Liquidators in dealing with this matter. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvent estate, are paid by FRP Advisory at the HMRC approved mileage rate

prevailing at the time the mileage was incurred. Details of disbursements incurred during the Period are set out in Appendix D.

Expenses of the liquidation

An estimate of the Joint Liquidators' expenses for the first year of the liquidation were set out in the information previously circulated to creditors on 14 February 2017. I attach at Appendix E a statement of expenses that have been incurred during the Period together with an explanation of the work undertaken or services provided and an explanation, where appropriate, as to why the original estimate provided has been exceeded. Commentary on the major variations from the initial estimate is provided below:

- **Joint Liquidators' remuneration** – the fee estimate for the first year of the liquidation was in the sum of £2,421,417 and this has been exceeded by £271,879, which equates to approximately 902 hours work at the average hourly charge out rate for the Period. This is due to the cost of the work involved in making the first and interim unsecured dividend to creditors as well as the work required to reconcile the inter-company position, which were both specifically excluded from the schedule of work which accompanied the fee estimate.
- **Legal fees** – due to the complexity of the liquidation, several firms have been engaged to provide advice to the Joint Liquidators. Each firm has been chosen for their area of expertise and the appropriateness of their fee structure:
 - Jones Day which has advised is in relation to the investigation work streams being progressed. Due to the sensitive nature of the investigations, I am unable to comment further on the work undertaken however I can confirm I consider their fees to be appropriate and reasonable in the circumstances; and
 - DLA Piper (UK) were engaged to provide advice in relation to the Company's leasehold interests and disclaiming the same and also various matters where they had pre-existing knowledge from when

3. Joint Liquidators' remuneration, disbursements and expenses

they acted for the Former Joint Administrators, such as realising the international book debts.

Creditors have a right to request further information from the Joint Liquidators and further have a right to challenge the Joint Liquidators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency (England and Wales) Rules 2016. For ease of reference these are the expenses incurred in the Period as set out in Appendix E only. Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <http://creditors.frbadvisory.com/feesguide.htm> and select the guide for liquidations. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information about remuneration and expenses being within 21 days following receipt of this progress report. There is a time limit of 8 weeks following receipt of this report for a Court application to challenge the remuneration or expenses as excessive.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tony Wright', written in a cursive style.

Tony Wright
Joint Liquidator

Licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics

Appendix A

Statutory information about the Company and the liquidation

SHB REALISATIONS LIMITED (FORMERLY BHS LIMITED) (IN LIQUIDATION)

COMPANY INFORMATION:

Other trading names:	BHS, British Home Stores
Date of incorporation:	12 April 1928
Company number:	00229606
Registered office:	2nd Floor, 110 Cannon Street, London, EC4N 6EU
Previous registered office:	c/o Duff and Phelps Limited, The Shard, 32 London Bridge Street, London, SE1 9SG
Previous business address:	129-137 Marylebone Road, London, NW1 5QD

LIQUIDATION DETAILS:

Joint liquidators:	Anthony John Wright & Geoffrey Paul Rowley
Address of Joint Liquidators:	FRP Advisory LLP, 2 nd Floor, 110 Cannon Street, London, EC4N 6EU
Date of appointment of Liquidators:	2 December 2016
Court in which Liquidation proceedings were brought:	N/A
Court reference number:	N/A

Appendix B

Joint Liquidators' receipts and payments account for the Period



SHB Realisations Limited (formerly BHS Limited) (In Liquidation) Joint Liquidators' Trading Account

To 1 December 2017

S of A £	£	£
OTHER DIRECT COSTS		
Direct Labour	(523.22)	(523.22)
TRADING EXPENDITURE		
Rents, SC & Insurance	(981,749.87)	
Rates	(3,380,508.33)	
Heat & Light	(297,131.78)	
Concessions	(242.77)	
Water	(33,594.54)	
Insurance	(12,321.09)	
Professional Fees	(30,000.00)	
Repairs & Maintenance	(2,752.00)	
Sundry Expenses	(690.00)	
Service Charge	(2,340.03)	
Agents' Fees	(53,239.49)	
Security	(46,714.94)	
TRADING SURPLUS/(DEFICT)		(4,841,808.06)

SHB Realisations Limited (formerly BHS Limited) (In Liquidation) Joint Liquidators' Summary of Receipts & Payments

To 1 December 2017

S of A £	£	£
SECURED ASSETS		
Bank Interest	493.80	
Transfer from Administration	3,697,943.61	
Fixed Charge Funding	281,504.25	
		3,979,941.66
COSTS OF REALISATION		
Service Charge	(185,407.29)	
Property Costs	(96,066.76)	
Bank Charges - Fixed	(30.00)	
		(281,504.05)
ASSET REALISATIONS		
Leasehold Property	600,000.00	
Stock	50,145.00	
Bank Debts	1,471.46	
International Franchise Debts	1,134,534.61	
Letters of Credit	2,743,973.16	
Duty Deferment Bond	38.18	
Miscellaneous Refunds	303,396.96	
Cash at Bank	125,187.50	
Rent Refunds	16,330.07	
Transfer from Administration	64,475,583.25	
Rates Refunds	587,360.25	
Bank Interest Gross	60,459.65	
Funds Held By Merchant Service Provi	2,561,896.44	
Insurance Refund	43,068.98	
TRADING SURPLUS/(DEFICT)		(4,841,808.06)
Settlement Monies	515,171.00	
VAT On Utilities	339,862.85	
Contribution To Costs	900.00	
		68,717,571.30

SHB Realisations Limited (formerly BHS Limited) (In Liquidation)
The Joint Liquidators' Progress Report

Appendix B

Joint Liquidators' receipts and payments account for the Period



SHB Realisations Limited (formerly BHS Limited) (In Liquidation) Joint Liquidators' Summary of Receipts & Payments

To 1 December 2017

S of A £	£	£
COSTS OF REALISATIONS		
Security	(86,962.02)	
Store Property Costs	(9,942.96)	
Accountants' Fees	(102,000.00)	
Late Filing Charges	(100.00)	
Former Joint Administrators' Remuneration	(82,953.45)	
Former Joint Administrators' Disbursements	(20,065.83)	
Joint Liquidators' Remuneration	(2,153,910.51)	
Agents' Fees - Disbursements	(36,831.64)	
Agents' Fees - Administration Period	(112,000.78)	
Return of Trust Monies	(1,226,950.00)	
Agents/Valuers Fees	(106,445.10)	
Legal Fees	(2,737,267.44)	
Legal Fees - Administration Period	(378,462.93)	
Legal Disbursements - Admin Period	(12,629.15)	
Legal Disbursements	(109,506.75)	
Debt Collection Commission	(91,169.27)	
Debt Collection Commission - Administ	(83,669.27)	
Stationery & Postage	(25,065.84)	
Merchant Service Mgmt Fees	(40,000.00)	
Storage Costs	(11,131.46)	
Re-Direction of Mail	(1,225.00)	
Statutory Advertising	(253.80)	
Professional Fees	(46,944.75)	
Other Property Expenses	(5,519.31)	
Bank Charges - Floating	(2,459.27)	
Stock Storage & De-Tagging	(13,232.84)	
Short Service Pension Refunds	(1,155.54)	
		(7,497,854.91)

SHB Realisations Limited (formerly BHS Limited) (In Liquidation) Joint Liquidators' Summary of Receipts & Payments

To 1 December 2017

S of A £	£	£
UNSECURED CREDITORS		
Unsecured Creditors	35,942,035.35	
Held For Reserved Claims	181,126.94	
		(36,123,162.29)
REPRESENTED BY		
Vat Recoverable Floating		125,318.37
IB Current Fixed		3,666,266.25
IB Current Floating		4,969,864.47
31 Day Notice Acc Santander- 2/11		20,000,000.00
Held For Reserved Claims		(181,126.94)
Trade Creditors		(4,680.51)
Vat Control Account		312,816.59
Short Service Pension Refunds		(86,197.29)
Suspense Account		(7,269.23)
		<u>28,794,991.71</u>

SHB Realisations Limited (formerly BHS Limited) (In Liquidation)
The Joint Liquidators' Progress Report

Appendix C

Joint Liquidators' schedule of work



The table below sets out a detailed summary of the work undertaken by the Joint Liquidators to date and details of the work it is anticipated will be undertaken by the Joint Liquidators throughout the duration of the Company's liquidation.

Further details of the estimated time costs to be incurred are set out in the revised fee estimate which will be circulated shortly.

Where work undertaken results in the realisation of funds (from the sale of assets or recoveries from successful actions taken against third parties), there may be a financial benefit to creditors should there be sufficient funds available to make a distribution to one or more class of creditor. In this case, work undertaken will include the scrutiny and agreement of creditor claims.

A proportion of the work undertaken by the Joint Liquidators is required by statute, including ensuring the appointment is valid, notifications of the appointment to third parties, regular reporting on the progress, notifying statutory bodies where required in relation to the conduct of the directors, complying with relevant legislation and regulatory matters. This may not have a direct financial benefit to creditors but is substantially there to protect creditors and other stakeholders and ensuring they are kept informed of developments.

Note	Category	
1	ADMINISTRATION AND PLANNING Work undertaken to date	ADMINISTRATION AND PLANNING Future work to be undertaken
	<u>Insurance</u> The Joint Liquidators notified the insurance brokers who had previously arranged cover over the Company's assets of their appointment and the policy was amended accordingly. From initial discussions with the brokers, landlords' managing agents and a detailed review of the Company's leases, it became apparent that the Company was not responsible for buildings insurance for a number of properties and the Joint Liquidators were immediately able to make significant savings in this regard.	<u>Insurance</u> The Joint Liquidators will continue to monitor this position as appropriate and cancel public liability cover as and when possible.

Appendix C

Joint Liquidators' schedule of work



	As leases were subsequently surrendered or disclaimed the buildings insurance burden was fully removed and only public liability cover was retained, where appropriate.	
<u>Case Accounting</u>	All receipts, payments and journals are processed and posted to the Joint Liquidators' case management system in accordance with SIP 7. Regular reconciliations are undertaken of all bank accounts opened by the Joint Liquidators in the name of the Company.	<u>Case Accounting</u> The Joint Liquidators will continue to process all receipts, payments and journals in accordance with SIP 7 and continue to undertake regular reconciliations of the bank accounts.
<u>Case Control, Review, Strategy and General Administration</u>	<p>Following the Joint Liquidators' appointment, the balance of funds held by the Former Joint Administrators was paid to the liquidation estate. The Former Joint Administrators initially retained £2m to cover any undertakings they had provided which they had not yet discharged and also their own remuneration, which remained unpaid when the Company entered liquidation. However, following further correspondence, this balance was remitted to the liquidation.</p> <p>In order to aid efficient case management, regular reviews of the working files are undertaken. These reviews ensure progression of case specific matters and also ensure general compliance matters are attended to.</p> <p>Members of the Joint Liquidators' team working on the various work streams meet regularly to ensure that matters are being progressed effectively, to share knowledge and to ensure that there is no unnecessary duplication of work.</p>	<p>The Joint Liquidators will continue to closely monitor the progress of the liquidation and the various work streams in order that maximum value is achieved for the Company's assets and any claims identified are considered on merit and progressed appropriately for the benefit of creditors.</p> <p>There are also a number of ongoing matters being progressed which, whilst they do not provide a financial benefit to creditors, are essential in order to finalise the Company's affairs.</p>

Appendix C

Joint Liquidators' schedule of work



<p>It is also necessary for the Joint Liquidators to regularly correspond with their legal advisers appointed on the various work streams to discuss progression of the work streams referred to them.</p>	
<p><u>Liaison with third parties (Parliamentary Select Committee, Insolvency Service, tPR and PPF)</u></p> <p>The Joint Liquidators have responded to various requests from tPR, including in relation to the Determinations Panel hearing held during the Period. The Joint Liquidators have also responded to correspondence received from the Parliamentary Select Committee and Insolvency Service to assist with their enquiries.</p> <p>As the Company's majority creditor, the Joint Liquidators have updated the PPF on an ad-hoc basis as to the progress of the liquidation and the likely outcome for unsecured creditors.</p>	<p><u>Liaison with third parties (Parliamentary Select Committee, Insolvency Service, tPR and PPF)</u></p> <p>The Joint Liquidators will continue to respond to any requests received from tPR, Insolvency Service and the Parliamentary Select Committee, as appropriate.</p> <p>The Joint Liquidators will continue to update the Pension Protection Fund, as the majority creditor, as and when appropriate as to the progress of the liquidation and the likely final outcome for creditors.</p>
<p><u>CVA</u></p> <p>On 23 March 2016, prior to the administration, Brian Green, William Wright and Michael Pink of KPMG LLP were appointed Joint Supervisors of the CVA approved by separate meetings of the Company's creditors and shareholder.</p> <p>The effect of the CVA was to achieve reductions in the rents payable for certain stores in order to bring the rents paid in line with store profitability and market rates.</p>	<p><u>CVA</u></p> <p>The Joint Liquidators will act in accordance with the directions provided by the Court and this may include additional payments being due to certain landlords or a re-calculation of previously agreed landlord claims.</p>

Appendix C

Joint Liquidators' schedule of work

	<p>However, the approval of the CVA failed to resolve the Company's financial difficulties and the Company's directors subsequently placed the Company into administration with the Former Joint Administrators appointed to act.</p> <p>The terms of the CVA did not provide for the automatic termination of the CVA upon the commencement of the administration (or subsequent liquidation). Therefore, the CVA continued to have effect notwithstanding the appointment of the Former Joint Administrators.</p> <p>As no buyer for the business could be found, the Company began to vacate the leasehold stores, with the final ones vacated on 22 August 2016. On vacation, rent payments ceased as the Company was no longer deemed to be in beneficial occupation. As a result of this, the Company was in breach of the terms of the CVA.</p> <p>On 18 November 2016, solicitors acting for one of the Company's landlords served a notice on the Company under clause 25.8 of the CVA terms demanding payment of outstanding rent. As the sum demanded was not repaid within 14 days, this landlord served a notice to terminate the CVA on the Company on 16 December 2016. The Joint Supervisors of the CVA duly notified the Joint Liquidators that the CVA was terminated on 16 December 2016.</p> <p>Following the termination of the CVA, the Joint Liquidators have sought the Court's directions as to the validity and ranking for payment of certain additional sums which may be due to the Company's landlords under clause 25.9 of the CVA terms.</p>	
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2	ASSET REALISATION Work undertaken to date	ASSET REALISATION Future work to be undertaken
	<p><u>Funds Held by Merchant Service Providers</u></p> <p>As at the date of the Joint Liquidators' appointment, merchant service providers were holding Company funds totalling approximately £2.6m. The Joint Liquidators have been in correspondence with the various parties in order to arrange the release of these funds to the liquidation. As the Company had ceased to trade, the merchant service providers were holding these sums to cover any potential liabilities which may arise from chargebacks under Section 75 of the Consumer Credit Act. The Joint Liquidators have monitored the level of chargebacks received by each provider and where it seemed that any potential exposure had lapsed, requested the return of the funds to the liquidation. All funds have now been remitted to the liquidation apart from approximately £34k which is still being retained by one merchant service provider. This position is due to be reviewed in April 2018.</p>	<p><u>Funds Held by Merchant Service Providers</u></p> <p>The Joint Liquidators will continue to liaise with the party currently holding £34k and monitor the level of chargebacks of which they are notified. Creditors will be updated in the Joint Liquidators' next report to creditors.</p>
	<p><u>International Franchise Debtors</u></p> <p>The Company operated an international franchise network in various overseas territories. As at the date of administration, £6.5m was due to the Company from the international franchisees.</p> <p>Since the Company entered liquidation, approximately £1m has been received in respect of deferred payments arising from settlement agreements entered into.</p> <p>There were three outstanding debts on appointment which the Joint Liquidators have progressed in the Period.</p>	<p><u>International Franchise Debtors</u></p> <p>Debtors 1, 2 & 3</p> <p>The Joint Liquidators will continue to liaise with their appointed solicitors and counsel in order to serve proceedings and, if necessary, seek the winding up of Debtors 1 and 2.</p> <p>Monitor the collection of the deferred settlement payments in respect of Debtor 3.</p>

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<p>Debtor 1</p> <p>Shortly following their appointment the Joint Liquidators were made aware that the Former Joint Administrators had been in advanced discussions with this debtor and a settlement agreement had been drafted. The Joint Liquidators reviewed the documentation made available to them by the former agent appointed to collect the international franchise debts on the Company's behalf, BHS International Limited. From the information provided, the Joint Liquidators considered it appropriate to execute the settlement agreement.</p> <p>The settlement agreed with Debtor 1 allowed for a lump sum payment to be made to the Joint Liquidators' solicitors' client account within 14 days of the agreement in full and final settlement of the total debt of approximately £564k. The funds were not received, and Debtor 1 requested a short extension of time to pay the settlement sum, which was granted by the Joint Liquidators.</p> <p>Debtor 1 failed to adhere to the amended payment date and failed to communicate to the Joint Liquidators that they did not intend to pay. To protect the Company's position, the Joint Liquidators instructed their solicitors to issue demand for the entire amount outstanding (as per the settlement agreement, the debt due was only compromised on receipt of the settlement sum and accordingly no compromise of the debt had occurred). Debtor 1 responded to the demand stating that they were undertaking a large restructure and would require a further extension of time to pay the settlement sum. The Joint Liquidators agreed to this in the in the interest of concluding the matter swiftly without the need to incur further legal fees.</p> <p>Debtor 1 again failed to make payment on the agreed date and did not communicate any reason for failing to do so. The Joint Liquidators put Debtor</p>	
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<p>1 on notice of their intention to commence proceedings and subsequently Debtor 1 made a payment of £25k to the Joint Liquidators. The Joint Liquidators have now instructed solicitors and counsel and will commence proceedings shortly.</p>	
<p>Debtor 2</p> <p>The Joint Liquidators' solicitors have made demand on Debtor 2 for the outstanding sum of £296k but have not received a response to date. The Joint Liquidators' former agent appointed to collect the international debts has provided correspondence from around the date the Company entered administration from Debtor 2 which includes an acknowledgement of the amount outstanding and their intention to enter a payment plan to clear the balance.</p>	
<p>As the Joint Liquidators have not received any form of correspondence from Debtor 2 to date, they have instructed their solicitors to commence proceedings and these have been translated and served out of this jurisdiction.</p>	
<p>Debtor 3</p> <p>Prior to the appointment of the Joint Liquidators, Debtor 3 had put forward several counter claims and refuted the amount due to the Company. Following their appointment, the Joint Liquidators reviewed the information available to them and engaged with BHS International Limited, the purchaser of the international arm of the Company's business and the appointed agent to collect the international franchise debts, to respond to the specific claims raised by Debtor 3.</p>	
<p>Unfortunately, the information required to refute the counter claims was not readily available or easily accessible. As such, the Joint Liquidators entered</p>	

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	without prejudice discussions with Debtor 3. Following correspondence, an agreement was reached whereby Debtor 3 would pay £90k in full and final settlement over an extended period. The sum of £30k has been received during the Period.	
	Suitable protections have been put in place should Debtor 3 default on the terms of the settlement agreement.	
	<p><u>Rates Refunds</u></p> <p>The Joint Liquidators engaged Hilco Profit Recovery following their appointment due to their pre-existing knowledge of the store portfolio gained during the period working as agents for the Former Joint Administrators. Their mandate has extended to reviewing the historic rates paid at each trading premises to assess whether the valuation band was correct and accordingly whether it would be possible to apply for a refund. The work of Hilco Profit Recovery has also extended to reviewing the rates paid during the period of administration and applying for refunds where necessary. The sum of £587k has been received during the Period.</p>	<p><u>Rates Refunds</u></p> <p>The Joint Liquidators will continue to work with Hilco Profit Recovery and monitor the work performed. If it becomes appropriate to engage specialist surveyors on a property by property basis to recover refunds not previously identified the Joint Liquidators will do so.</p>
	<p><u>Stock</u></p> <p>The Joint Liquidators were notified that an amount of stock was being held by a supplier which the Company had in effect paid for via a letter of credit. There were a number of issues with the stock related to third party branding and intellectual property rights.</p>	N/A

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	<p>The stock has since been sold by the Joint Liquidators to the supplier for £50k and a suitable indemnity provided by the purchaser to protect the Company's position.</p>	
<p><u>Domestic Debts</u></p> <p>When the Company entered liquidation, there was a debtor ledger which totalled approximately £500k across 44 accounts. It soon became apparent that the high value accounts were disputed and, due to insufficient information being available, were deemed non-collectable.</p> <p>Most of the remaining ledger has been written off due to its granular and aged nature and therefore being uneconomical to pursue.</p>	N/A	
<p><u>Letters of Credit</u></p> <p>As at the date the Company entered liquidation, Barclays was holding approximately £2.7m in respect of funds held on deposit to cover orders the Company placed with suppliers where no trade credit insurance was in place. Given the time that had elapsed since the Company had ceased to trade, these funds were transferred to the liquidation as Barclays considered it had no further exposure.</p>	N/A	

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<p><u>Cash at Bank</u></p> <p>One account maintained at Barclays was left open following the appointment of the Joint Liquidators to receive credits. Once it became apparent that no further credits were being received into the account, the Joint Liquidators requested the credit balance be transferred to the liquidation and that the account be closed.</p>	N/A
<p><u>Claim against service provider</u></p> <p>The Former Joint Administrators had engaged legal advisers to pursue a claim for unpaid monies due from a former service provider. In turn, the service provider had raised a number of counter claims and asserted their position as a creditor of the Company.</p> <p>The parties subsequently agreed to enter mediation to attempt to settle the dispute. Following mediation, it was agreed that the service provider would pay the Company £450k in full and final settlement of the claims and this amount has been received during the Period.</p>	N/A
<p><u>Claim Against High Street Retailer</u></p> <p>The Company had a claim against a high street retailer in respect of concession agreements, both online and in store. The claim centred around the termination of the concession agreement following the Company entering administration and the loss this subsequently caused the Company.</p>	N/A

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	Following discussions between the parties the claim was settled with the high street retailer remitting the sum of £65k being paid in to the liquidation in full and final settlement.	
	<p><u>Sub – Tenant Rent</u></p> <p>The Former Administrators had instructed Bellrock Facilities Management Ltd ('Bellrock') to collect outstanding amounts due under sub-leases.</p> <p>However, Bellrock were instructed to only collect outstanding balances due for the administration trading period and the last stores were vacated by the Former Joint Administrators in August 2016. On appointment and following a meeting with Bellrock, it was clear that due to the weakness of the outstanding ledger and the length of time that had passed, it was not cost effective to retain Bellrock's services nor to pursue these debts further.</p>	N/A
	<p><u>Freehold/Leasehold Property</u></p> <p>The Joint Liquidators reviewed the details provided by the Former Joint Administrators in relation to the remaining property portfolio and took advice as to any potential realisable value from both Savills and CBRE, who had previously been engaged on a joint agency mandate.</p> <p>It soon transpired that the remainder of the store portfolio was of little value and the only way value could be extracted for the benefit of creditors was to agree surrenders of the leases still in place on favourable terms (i.e. a release of any claims the landlords may have against the Company). By achieving this, the unsecured creditor pool was minimised which in turn resulted in an</p>	N/A

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	<p>increased return to the Company's unsecured creditors. More details regarding this work is given under the "creditors" heading.</p> <p>At the time the Company entered liquidation, a surrender premium had been offered for one property which required progression. The length of time required to complete the surrender became protracted as the landlord had to obtain the requisite finance from their funders. The surrender completed in November 2017 for a premium of £600k plus VAT.</p>	
3	STATUTORY COMPLIANCE AND REPORTING Work undertaken to date	STATUTORY COMPLIANCE AND REPORTING Future work to be undertaken
	<p><u>Statutory compliance – general, statutory reporting, meetings and appointment formalities</u></p> <p>Following the appointment of the Joint Liquidators on 2 December 2016, a final report was prepared detailing the actions taken when they acted in their former capacity as concurrent administrators. This report was appended to that of the Former Joint Administrators and circulated to creditors in December 2016.</p> <p>The Joint Liquidators are required to circulate a detailed schedule of work, which is updated during the liquidation to inform creditors of work undertaken in a relevant period and the work required to complete the various work streams being undertaken.</p> <p>Following their appointment, the Joint Liquidators circulated their fee estimate which covered the first year of the liquidation. To accurately forecast this, the various teams working on this matter forecast the percentage of chargeable hours each member of the respective team would undertake during the course of the year.</p>	<p><u>Statutory compliance – general, statutory reporting, meetings and appointment formalities</u></p> <p>The Joint Liquidators are required to circulate a progress report to creditors within two months of each anniversary of the liquidation. This report details the work undertaken during the relevant period and details the work still to be undertaken to bring the matter to a conclusion. The report also includes disclosures to creditors in respect of the Joint Liquidators' remuneration and the expenses incurred.</p>

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	<p><u>Post appointment tax/VAT</u></p> <p>HM Revenue & Customs confirmed to the Joint Liquidators the last submitted computation was to August 2014. The Joint Liquidators have therefore engaged EY to bring the Company's tax affairs up to date. In order to prepare returns for the pre-appointment period, it has been necessary to liaise with various parties, including Arcadia, to calculate the trading losses and also any loss suffered on property disposals.</p> <p>This information has now been provided to EY to the best of the Joint Liquidators' ability and prepared for the pre-appointment periods have been provided to HMRC. EY are now waiting for HMRC to provide their feedback on the returns.</p> <p>Prior to the liquidation, the Company operated as part of a VAT group. Due to the change of office holders which occurred on liquidation, it was not appropriate for the VAT group to stay in place and therefore the Company, as the representative member, applied for the cancellation of the VAT group registration and the Joint Liquidators applied to HMRC for a VAT number on behalf of the Company.</p> <p>Periodic returns have been submitted to HMRC since appointment and any queries arising have been dealt with.</p>	<p><u>Post appointment tax/VAT</u></p> <p>The Joint Liquidators will continue to work with EY to bring the tax affairs of the Company up to date.</p> <p>Periodic returns in respect of VAT and corporation tax will be submitted to HM Revenue & Customs on an ongoing basis.</p>
4	<p>TRADING</p> <p>Work undertaken to date</p>	<p>TRADING</p> <p>Future work to be undertaken</p>
	<p>The Former Joint Administrators estimated that there were outstanding liabilities of approximately £6.5m relating to the period during which the Company continued to trade in administration. Various schedules detailing the same were</p>	<p>The Joint Liquidators continue to receive a small number of demands relating to the administration trading period which are being reviewed on an ongoing basis.</p>

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<p>provided to the Joint Liquidators on appointment which were reviewed and interrogated.</p> <p>Since their appointment, the Joint Liquidators have paid nearly £1m in respect of rent and in each case they have reviewed the records of the Former Joint Administrators and cross referenced each rent demand against the lease and other Company records to ensure the correct amount was paid.</p> <p>In excess of £3.3m has been paid to 44 different rating authorities in respect of business rates. Each demand received has been reviewed and the records of the Former Joint Administrators reviewed to ensure there is no duplication of payment.</p> <p>The Joint Liquidators, in conjunction with Waterscan Limited, have reviewed the water bills received from various suppliers for each of the sites and made payment where appropriate. The Joint Liquidators do not believe that any further sums are due.</p> <p>The Former Joint Administrators made the Joint Liquidators aware of a number of security bonds held by suppliers which are assets available in the liquidation. The Joint Liquidators have been in correspondence with the suppliers to agree final accounts where appropriate and make arrangements for the balance of the security bonds to be paid in to the liquidation.</p>	<p>The Joint Liquidators will continue to liaise with the relevant suppliers to arrange for the release of the security bonds held.</p>
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5	INVESTIGATIONS Work undertaken to date	INVESTIGATIONS Future work to be undertaken
	<p>Creditors should note that a brief summary of the various investigation streams has been provided below. Due to the sensitive and largely privileged nature of the below work streams some of the descriptions have been limited</p> <p>The Joint Liquidators have continued to take possession of the books and records of the Company and other relevant information that has enabled the Joint Liquidators to conduct their statutory investigations. As advised in previous correspondence, an extensive and detailed exercise of data and systems discovery with the subsequent collation of a vast amount of data and physical records from a number of Company and third-party sites has been undertaken.</p> <p>Through the use of a document discovery and review platform, the investigations team has been able to conduct a targeted review of the voluminous amounts of data collected to date. Significant resources have been directed towards reviewing the data following the implementation of various searching and document tagging techniques. From this targeted review and with the assistance of the Joint Liquidators' legal representatives, Jones Day, a range of work streams have been identified, of which preliminary investigations have begun.</p> <p>The Joint Liquidators have continued their investigations into a funds transfer of £2.5m to a related property holding company ("PropCo") within the wider BHS group in respect of a freehold property purchase that was not recorded appropriately in the Company's internal management accounts. The freehold property, to which the funds transfer relates, has been sold and the proceeds are being held in the PropCo's solicitors' client account to the Joint Liquidators' order. It is anticipated the PropCo will enter liquidation shortly (with the Joint Liquidators appointed) and as the Company is understood to be by far the largest creditor, it should receive a dividend distribution from the liquidation of the PropCo.</p>	<p>The Joint Liquidators will continue to liaise with various third parties to collect relevant data that is not available from the Company's servers or already in the possession of the Joint Liquidators.</p> <p>The Joint Liquidators will continue to liaise with the PropCo prior to liquidation and also monitor the developments post-liquidation to enable the recovery of a dividend from the PropCo liquidation. The Joint Liquidators will investigate the circumstances which led to the funds transfer to the PropCo and its resulting anticipated shortfall.</p>

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<p>Investigations into the disposal of certain properties that appear to have advantaged certain parties potentially at the expense of the Company have been progressed but remain at an early stage.</p> <p>The Joint Liquidators considered the validity of a charge granted to a secured creditor prior to the date of administration. The Joint Liquidators reached an agreement with Arcadia in relation to a number of matters, including Arcadia's floating charge dated 14 April 2015. We can confirm that as part of the agreement, over £30 million was released from reserves held in relation to Arcadia's secured claim into the monies available for the Company's unsecured creditors and the floating charge was released.</p>	<p>Investigations into the disposal of certain properties will continue to be investigated. It is anticipated that a significant review into such transactions will be required.</p> <p>The Joint Liquidators will comply with the terms of the agreement with Arcadia.</p>
<p>The Joint Liquidators have maintained communication channels with several third party agencies, including the Insolvency Service, the PPF and tPR as part of their investigations.</p> <p>The Joint Liquidators have considered the existence of claims arising in respect of the Company's trading activities and actions during the period leading up to the date of administration. However, this was not significantly advanced during the period as available resources were devoted to higher priority investigation streams resulting in more immediate realisations and benefit to the estate.</p>	<p>The Joint Liquidators will continue to maintain communication channels with several third party agencies, including the Insolvency Service, tPR and the PPF as part of their investigations.</p> <p>Claims may exist in respect of the Company's trading activities and actions during the period leading up to the date of administration. This will be investigated by the Joint Liquidators during the course of the liquidation if it is considered that such claims may benefit the liquidation estate. It would not be appropriate to comment in detail on the nature and level of this investigation stream at this juncture. Creditors will be updated in the Joint Liquidators' next progress report as appropriate.</p>
<p>A forensic reconciliation of the intercompany balances within the BHS group has been conducted to determine if there are any potential claims against other group companies. This has provided a degree of certainty to the Joint Liquidators in dealing with various claims. The inter-company balances have now been agreed with the respective group companies.</p>	

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<p>The Joint Liquidators are investigating the actions of the Company's directors prior to and after the sale of BHS Group Limited by Taveta Investments (No. 2) Limited to Retail Acquisitions Limited on 11 March 2015.</p> <p>The Joint Liquidators identified two transactions which resulted in the Company assigning the benefit of contingent assets to a related party for consideration that may not represent the value of the asset. While both transactions have been investigated, the value of the contingent assets has diminished to such an extent that a settlement agreement was reached with the related party which did not result in any realisation into the estate but protected the estate from any adverse costs. No further action will be undertaken in relation to this matter.</p> <p><u>IT – Investigations</u></p> <p>The Joint Liquidators' forensic technology team has continued with a highly extensive and detailed exercise of data and system discovery with the subsequent collation of a vast amount of data and physical records from a number of Company and third-party sites. This data has been maintained to a forensic standard as required.</p> <p>The forensic technology team has maintained a document discovery and review platform to assist in the targeted review of the voluminous amounts of data collected to date. Their technical expertise has been utilised to ensure searching techniques and the targeted review of data is performed at a high standard.</p> <p>The Joint Liquidators' forensic technology team has provided technical expertise when required to assist in the general investigation work streams (detailed above).</p>	<p>The Joint Liquidators will continue to investigate the actions of the directors prior to and after the sale of the Company and other group companies by Taveta Investments (No. 2) Limited to Retail Acquisitions Limited on 11 March 2015.</p> <p>The Joint Liquidators will investigate the appropriateness of fees paid by the Company in respect of advice received from professional advisors. It would not be appropriate to comment in detail on the nature and level of this investigation stream at this juncture. Creditors will be updated in the Joint Liquidators' next progress report as appropriate.</p> <p><u>IT – Investigations</u></p> <p>The forensic technology team will continue to source and maintain Company data to a forensic standard over the course of the liquidation.</p> <p>The forensic technology team will continue to maintain the document discovery and review platform and assist providing targeted search and document tagging techniques.</p> <p>The forensic technology team will continue to provide technical expertise when required to assist the general investigation streams.</p>
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6	CREDITORS Work undertaken to date	CREDITORS Future work to be undertaken
	<p><u>Property/Landlords</u></p> <p>On appointment, the Former Joint Administrators and their property agents advised that no further lease premiums would be realised for the remainder of the Company's property portfolio (excluding Scurthorpe). On appointment, the Joint Liquidators key tasks were, therefore, as follows:</p> <ul style="list-style-type: none"> • To negotiate immediate surrenders with landlords in the first instance on the basis of a full release of the Company's liabilities; • To continue ongoing surrender negotiations with landlords while balancing the costs involved of holding onto the leases; and • To crystallise landlords unsecured claims by disclaiming those leases where surrenders were not able to be agreed. <p>The likelihood of achieving further surrenders was uncertain due to the length of time that had passed since the vacation of the last few stores in August 2016. There was also concern that a number of stores may remain vacant for some time due to tough retail trading conditions and the undesirable size and location of certain stores.</p> <p>However, the Joint Liquidators are very pleased to confirm that a further 76 leases have been surrendered following their appointment. The only payments made by the Joint Liquidators to landlords following their appointment have been in settlement of any outstanding liabilities for the administration trading period. The 76 lease surrenders were achieved by:</p> <ul style="list-style-type: none"> • Adopting a proactive and diligent approach to engaging with landlords; • Utilising a strengthened negotiating position due to the statutory powers available to the Joint Liquidators; 	<p><u>Property/Landlords</u></p> <p>The Joint Liquidators will resolve the status of the remaining leases and review and adjudicate any subsequent landlord claims, if applicable.</p>

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	<ul style="list-style-type: none">• Retaining the solicitors DLA Piper UK LLP and the property agents Savills and CBRE who had acted on behalf of the Company during the administration and had an inherent knowledge of the property portfolio; and• Working with the Administrators of other companies within the BHS group to facilitate a dozen underlease surrenders. <p>These surrenders together with those achieved by the Former Joint Administrators, have significantly mitigated the sums which would have been submitted as unsecured claims by landlords and materially increased the sums available to unsecured creditors as a result.</p> <p>When it became evident in discussions with certain landlords that surrenders were no longer going to be agreed or were no longer cost-effective to pursue, the Joint Liquidators took the necessary steps to disclaim those leases (4 leases were also forfeited by landlords). Of the 71 leases disclaimed, 9 were Scottish where the Joint Liquidators' negotiating position was weakened (due to different insolvency legislation in Scotland) and 11 were underleases where discussions with superior landlords were being steered by Administrators of other companies within the BHS group.</p> <p>The Joint Liquidators are very pleased to advise that at the anniversary of their appointment, only a handful of leases remain where the Company still holds an interest. The Joint Liquidators are confident that the status of these leases will be resolved in the next few months. As well as the significant reduction in unsecured claims covered earlier, it is clear that the efficient and expedient wind-down of the Company's property portfolio has also resulted in significant savings in insurance and holding costs to the estate.</p>	
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<p><u>Employees</u></p> <p>The Joint Liquidators engaged with the Former Joint Administrators' employee liaison agent on appointment to obtain details of all former employees and the claims they had submitted relating to their redundancy.</p> <p>An exercise was then undertaken to categorise which employees were paid by either the Redundancy Payments Office or the Irish Redundancy Payments Office. Once this was complete, the claims of the employees per the Former Joint Administrators' records were reconciled to the proofs of debts received from the Redundancy Payments Office and the Irish Redundancy Payments Office.</p> <p>During the Period a protective award judgement was made due to the Former Joint Administrators' failure to consult with certain employees regarding proposed redundancies. Due to this a further reconciliation was necessary.</p> <p><u>Claim Adjudication</u></p> <p>In order to declare a dividend to unsecured creditors in the Period, the Joint Liquidators commenced the process of adjudicating the claims of the Company's unsecured creditors.</p> <p>This involved reviewing proofs of debt submitted by 1,103 creditors, requesting supporting documentation where necessary and reviewing the same to adjudicate whether the claim submitted was bona fide and sufficiently substantiated.</p> <p>The Joint Liquidators reviewed the Former Administrators' working files in relation to the trading period to ensure that creditors whose claims had previously been compromised in the administration (whether by retention of</p>	
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	<p>title payment or duress payment) were not claiming in the liquidation. It was also necessary to review information provided by Barclays, which had provided letters of credit to the Company's suppliers to ensure that creditors who had been paid (whether in full or by part), were not then also proving as unsecured creditors in the liquidation.</p> <p>Where the claims of landlords had not been compromised through a surrender of the Company's leasehold interest, landlords were entitled to claim in the liquidation as creditors. The Joint Liquidators engaged a specialist surveyor and property agents to assess the reasonableness of the claims received.</p> <p>Following receipt and review of the claims received, the Joint Liquidators entered discussions with the various landlords to adjudicate and agree their claims.</p> <p><u>Personal Injury Claimants</u></p> <p>A number of individuals had initiated claims against the Company in respect of accidents which occurred in stores prior to the administration. These claims were at various stages and each was reviewed by the Joint Liquidators.</p> <p>In most instances the claims were below the excess level of the public liability insurance cover and therefore the insurers were not required to make payment and therefore the entire claim ranks as unsecured.</p> <p>Where sufficient information was provided to substantiate the amount being claimed, the Joint Liquidators agreed the claim (and in some instance the associated costs of the claimants' solicitors) based on medical evidence or similar, without the need for any award needing to be made by a Court.</p>	
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<p><u>Interim Dividend</u></p> <p>As mentioned above, the Joint Liquidators received 1,103 claims of which:</p> <ul style="list-style-type: none"> - 866 were agreed or part agreed for dividend purposes; - 102 were rejected; - 97 were agreed at nil following correspondence with the creditor and/or a review of the Former Joint Administrators' records; and - 38 have not yet been adjudicated and have been reserved for. <p>On 10 November 2017 the Joint Liquidators declared a first and interim dividend of 3.62p in the £ to unsecured creditors.</p>	
<p>7</p> <p>LEGAL AND LITIGATION</p> <p>Work undertaken to date</p>	<p>LEGAL AND LITIGATION</p> <p>Future work to be undertaken</p>
<p>Creditors should note that a brief summary of the investigations to date has been provided above but due to the sensitive and largely privileged nature of this work some of the descriptions have been limited</p> <p>Solicitors have been instructed to advise and assist the Joint Liquidators in discharging their duties. Legal advice has been sought concerning the insolvency estate, the discharge of the Liquidators' duties generally and other matters arising as a consequence of the Liquidators' enquiries into the affairs of the Company, specifically in relation to investigations and recovery actions undertaken to date. Counsel has been engaged to provide opinion on certain matters.</p>	<p>Continue to seek legal advice, as appropriate, concerning the insolvency estate, the discharge of the Joint Liquidators' duties generally and other matters arising as a consequence of the Joint Liquidators' enquiries into the affairs of the Company.</p> <p>Consider the merits of any potential claims and the likely benefit to creditors with the assistance of solicitors and seek opinion from Counsel. If any claims are issued against third parties, the Liquidators may obtain After the Event Insurance (ATE Insurance) prior to issuing such claims (if appropriate).</p> <p>For the purposes of the enclosed fee estimate, it is assumed that full co-operation is received from relevant third parties as required by legislation and</p>

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		applications pursuant to Section 236 of the Insolvency Act 1986 will not be required to enforce compliance.
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Appendix D

Details of the Joint Liquidators' time costs and disbursements incurred in the Period

FRP

SHB Realisations Limited (formerly BHS Limited) (in Liquidation)

Time charged for the period 02 December 2016 to 01 December 2017

	Appointment/Tasks / Partners / Managers / Directors				Other Professional		Junior Professional & Support		Total Hours		Total Cost		Average Hourly Rate	
Administration and Planning	92.06	131.16	324.86				4.16		662.20		178,992.76		324.14	
Case Accounting		10.90	42.80				1.80		55.50		14,338.00		258.34	
Travel	4.00	7.20	24.50						35.70		11,165.50		312.78	
Case Control and Review	18.10	11.85	34.50						64.25		22,854.25		355.86	
Case Accounting - General		3.00	48.60						51.60		12,890.00		245.93	
General Administration	59.95	59.00	131.70				2.35		253.00		66,622.00		342.38	
Insurance		23.85	7.30						31.15		11,353.75		364.49	
Strategy	4.00	11.80	6.30						22.10		8,461.75		382.88	
Fee and WIP	6.00	3.75	29.15						38.90		11,497.50		295.57	
Asset Realisation	62.80	353.55	214.05						620.40		223,914.25		360.92	
Asset Realisation	5.55		37.45						43.00		12,177.25		283.19	
Freehold/Leasehold Property	19.50	246.70	109.40						375.60		136,862.50		364.38	
Chattel Assets		3.00	0.50						3.50		1,400.00		400.00	
Debt Collection	0.50	92.85	55.70						149.05		51,983.25		348.76	
Legal-asset Realisation	27.25	6.15	10.30						43.70		19,290.00		441.42	
Stock/WIP		4.95	0.70						5.55		2,201.25		396.62	
Creditors	67.20	1,475.60	1,884.20				198.37		3,626.27		1,063,936.16		290.72	
Unsecured Creditors	20.50	752.70	1,276.25				144.29		2,193.74		644,454.75		293.77	
Secured Creditors	8.00	3.50	10.40				47.08		21.90		8,285.00		378.77	
Employees	1.00	25.20	554.15				7.00		627.43		130,758.40		208.40	
Preferential Creditors														
HPI Leasing		1.00	0.80						7.00		875.00		125.00	
Legal Creditors	32.80	8.00							1.60		585.00		365.63	
Pensions	1.00		6.60						40.80		21,051.00		515.96	
Landlord	2.40	659.80	25.10				7.60		40.80		21,051.00		515.96	
TAX/VAT - Pre-appointment	1.50	25.50	11.10						7.60		2,180.00		286.84	
Investigation	218.70	1,341.66	2,277.40				104.00		3,942.76		1,179,656.50		299.17	
Investigatory Work	52.25	1,043.35	1,549.50				74.50		2,719.60		821,202.25		301.96	
CDDA Enquiries		1.00	4.50						5.50		1,525.00		277.27	
Legal - Investigations	87.60	128.50	21.20						237.30		98,160.75		413.78	
IT - Investigations	20.35	21.50	243.30				13.00		285.15		66,362.00		232.90	
Forensic	59.50	32.80	118.05				16.50		223.35		72,962.50		326.67	
Relativity - Internal		111.40	340.75						468.65		117,946.00		251.67	
Forensic - Relativity Higher Rate		3.10	0.10						3.20		1,347.00		420.94	
Statutory Compliance	4.60	37.60	62.80				5.60		100.40		32,485.00		323.66	
Post Appl TAX/VAT	2.00	14.10	11.30						27.40		10,110.00		368.98	
Statutory Compliance - General	0.50	7.25	13.80				5.50		21.55		6,916.25		320.84	
Statutory Reporting/ Meetings	2.00	7.75	27.70						42.95		11,846.25		275.81	
Appointment Formalities		8.50							8.50		3,612.50		425.00	
Trading		11.60	77.90				9.30		98.70		24,412.50		247.34	
Trading forecasting/ Monitoring		3.25	29.10				9.30		32.35		7,201.25		222.60	
Case Accounting - Trading		5.50	0.50						0.50		122.50		245.00	
Trade-sales/ Purchase		2.75	44.60						59.40		14,902.50		250.88	
Legal-Trading									2.75		1,188.75		425.00	
IT - Trading / Sale support			3.70						3.70		1,017.50		275.00	
Total Hours	436.26	3,360.95	4,831.20				321.32		8,938.72		2,693,296.16		301.27	

SHB Realisations Limited (formerly BHS Limited) (in Liquidation)

The Joint Liquidators' Progress Report

Appendix D

Details of the Joint Liquidators' time costs and disbursements incurred in the Period



FRP Charge out rates	From	
	1st May 2016	1st May 2017
Grade		
Appointment taker / Partner	450-495	450-545
Managers / Directors	340-465	340-465
Other Professional	200-295	200-295
Junior Professional & Support	125-175	125-175

Disbursements for the period

02 December 2016 to 01 December 2017

Category 1	Value £
Company Search	76.34
Delivery	929.25
Postage	110.40
Subsistence	33.41
Taxis	91.69
Telephone	400.07
Travel	1,093.98
Storage	1,488.25
Bonding	20.00
Mobile Telephone	17.15
Computer Consumables	65,174.71
Property	81.00
Consultancy	3,300.00
Grand Total	72,816.25

Mileage is charged at the HMRC rate prevailing at the time the cost was incurred

SHB Realisations Limited (formerly BHS Limited) (in Liquidation)
The Joint Liquidators' Progress Report



SHB Realisations Limited (formerly BHS Limited) (in Liquidation)		
Statement of expenses for the period ended 1 December 2017		
	Period to 1 December 2017 £	Variance from initial estimate £
Expenses		
Office Holders' remuneration (time costs)	2,693,296	271,879
Office Holders' disbursements	72,816	-
Trading Liabilities	4,841,808	-
Legal Fees:		
- Jones Day	2,508,565	41,098
- DLA Piper (UK) LLP	218,479	152,479
- Freeths LLP	14,367	-
- Ince & Co LLP	1,953	-
- Wallace LLP	6,500	-
- Hill Dickinson LLP	31,743	-
- Dentons UKMFA LLP	56,626	26,626
- Bond Dickinson LLP	20,992	20,992
- New Media Law LLP	13,250	13,250
- Shepherd & Wedderburn	12,815	12,815
- Arthur Cox	2,305	2,305
- Charles Russell Speechlys	10,462	10,462
Legal Disbursements	110,597	110,597
Security	86,962	13,602
Store Property Costs	9,943	9,943
Accountants' Fees	102,000	-
Late Filing Charges	100	100
Return of Trust Monies	1,226,950	1,226,950
Agents'/Valuers' Fees:		
- Wateriscan Limited	3,380	-
- Hilco Profit Recovery	42,070	34,118
- Stark Software International Limited	650	650
- Savills (UK) Ltd - lease advisory	48,600	48,600
- Allsp LLP	11,745	-
- Morgan Rossiter	21,000	-
- Morgan Rossiter	91,169	-
Debt Collection Commission	25,066	8,894
Stationery and Postage	40,000	40,000
Merchant Service Mgmt Fees	11,131	1,131
Storage Costs	1,225	445
- Re-Direction of Mail	254	85
- Statutory Advertising	46,995	-
- Professional Fees/Duff and Phelps	5,519	5,519
- Other Property Expenses	2,429	2,429
Bank Charges - Floating	13,233	13,233
Stock Storage & De-Tagging		
	12,406,994	2,068,202

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