

LIQ03

Notice of progress report in voluntary winding up



Companies House

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www.gov.uk/companieshouse

1 Company details

Company number 00533087

Company name in full Mothercare UK Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Mark James Tobias

Surname Banfield

3 Liquidator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London

Riverside

Post town London

County/Region

Postcode SE1 2RT

Country United Kingdom

4 Liquidator's name ①

Full forename(s) Zelf

Surname Hussain

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number PricewaterhouseCoopers LLP

Street 7 More London

Riverside

Post town London

County/Region

Postcode SE1 2RT

Country United Kingdom

② Other liquidator

Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 0	^d 8	^m 1	^m 1	^y 2	^y 0	^y 2	^y 2
To date	^d 0	^d 7	^m 1	^m 1	^y 2	^y 0	^y 2	^y 3

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X

[Handwritten Signature]

X

Signature date

^d 0	^d 5	^m 0	^m 1	^y 2	^y 0	^y 2	^y 4
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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 Sarah Robson

Company name PricewaterhouseCoopers LLP

Address Central Square, 8th Floor

29 Wellington Street

Post town Leeds

County/Region West Yorkshire

Postcode

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Country United Kingdom

DX

Telephone 0113 289 4000



Checklist

We may return forms completed incorrectly or with information missing.

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



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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
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→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☐ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☒ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) David Robert
Surname Baxendale

3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP
Street 7 More London
Riverside
Post town London
County/Region
Postcode S E 1 2 R T
Country United Kingdom

Joint Liquidators' progress report from 8 November 2022 to 7 November 2023

5 January 2024

Mothercare UK Limited - in liquidation

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Administration	The former administration of the Company from 5 November 2019 to 8 November 2022
Administrators	Zelf Hussain, Mark James Tobias Banfield and David Robert Baxendale appointed on 5 November 2019
Barclays	Barclays Bank plc
CAPA	Consultiam Property Limited t/a CAPA
Company or MUKL	Mothercare UK Limited - Creditors' Voluntary Liquidation
Joint Liquidators / we / us / our	Zelf Hussain, Mark James Tobias Banfield and David Robert Baxendale
Firm / PwC	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors' Voluntary Liquidation
Gordon Brothers	Gordon Brothers Group, an advisory, restructuring and investment firm
HMRC	HM Revenue and Customs
HSBC	HSBC Bank plc
Mastercard	Mastercard International Incorporated
the Purchaser	Mothercare Global Brand Limited
Prescribed part	The amount set aside for Unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86, in this case Mothercare Finance (2) Limited, after successfully purchasing the security over debt from Gordon Brothers. Previous Secured creditors: Gordon Brothers Barclays (sold their security over debt to Gordon Brothers) HSBC (sold their security over debt to Gordon Brothers)
Preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Unsecured creditors	Creditors who are neither Secured nor Preferential
VAT	Value Added Tax
Visa	Visa Inc.

This report has been prepared by Zelf Hussain, Toby Banfield and David Baxendale as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/mothercareuk. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain, Toby Banfield and David Baxendale have been appointed as Joint Liquidators of the Company. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of the Company following our appointment as Joint Liquidators on 8 November 2022.

How much creditors have received

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current estimate (p in £)
Secured creditors	89 - 100%
Preferential creditors	100% (Paid in the Administration)
Unsecured creditors	0.65% (Paid in the Administration) Uncertain (during the liquidation)

As previously advised in our final progress report of the Administration dated 2 November 2022, the Company has significant claims against Visa and Mastercard in respect of overcharging of multilateral interchange fees and is a participant in a group legal claim. Having investigated the position further, the Administrators deemed it a realistic prospect that the realisations from these claims will be sufficient to repay the Secured creditor in full, with funds available to distribute to the Company's Unsecured creditors. As such, the Administrators deemed it appropriate to move from administration to CVL in order to await the outcome of the pending litigation, which could take two or more years to conclude. The move to CVL also has lowered holding costs compared to continuing in administration and would allow any payment of a distribution to Unsecured creditors without further application to the court.

In the event that the claims against Visa and Mastercard are unsuccessful, then we think it is unlikely that the Secured creditor will be fully repaid their lending of £27.7m out of their security over the Company's assets. You will note from previous reports in the Administration that the total lending of the Secured creditors was initially £34m. This was subsequently reduced due to the release of certain guarantees and letters of credit. However, as part of the sale agreement for the international franchise contracts and intellectual property of the MUKL business, the Purchaser agreed to pay an additional top up cash consideration adjustment to ensure the Secured creditor is paid in full.

Preferential creditors were paid in full during the Administration on 26 May 2021.

The Company's Unsecured creditors were paid a dividend of 0.65% during the Administration on 3 August 2021 from the Prescribed part. At this stage the outcome is too uncertain to be able to give any meaningful guidance as to the level of distribution that could become available to Unsecured creditors during the liquidation.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

On 5 November 2019 Zelf Hussain, David Baxendale and Toby Banfield were appointed joint administrators of the Company. The Administration ended on 8 November 2022, when the Company went into CVL and we were appointed as Joint Liquidators.

At the end of the Administration the key outstanding matters were as follows:

- Continuing to liaise with our lawyers concerning the multilateral interchange claim and ensuring that progress is being made where possible. It was becoming increasingly likely that this matter could proceed to full litigation.
- Continuing to prepare and submit corporation tax returns to HMRC in the CVL, assuming there are further taxable realisations. Should we conclude that it is unlikely that there will be any further taxable realisations we will prepare our final corporation tax return and request tax clearance from HMRC.
- Preparing our final VAT return to HMRC for the quarter ending 30 November 2022 and deregister for VAT thereafter. Any subsequent transactions that incur VAT will be periodically reported to HMRC by way of a VAT426 form.
- Dealing with leases where our offers to surrender have not been accepted, monitoring leases due to expire and ensuring appropriate insurance cover remains in place.

We provide an update on our progress since the final report in the Administration in the next sections.

Information relating to the administration for the period after the administrators' final report

Since the Administrators' issued their final report, a number of transactions occurred prior to the Company entering into CVL. As such, the balance that was shown in the receipts and payments account of the Administrators' final report differs to the balance that was transferred to the liquidation bank account on appointment. The total balance that was transferred from the Administration account was £2,251,394.35. These transactions can be shown in the table below:

Transactions from 25 October 2022 to 8 November 2022

	£
Cash held in non-interest bearing currents accounts as per the Administrator's final report	2,170,773.71
Receipts	
Business Rates Refund	2,275.90
Business Rates Refund	13,156.59
Business Rates Refund	39,763.36
Total Receipts	55,195.85
Payments (shown net)	
Professional Fees	(6,236.98)
Bank Charges	(9.50)
Agent's fees and disbursements - Property & assets	(11,574.37)
VAT on Agent's fees and disbursements	(2,314.87)
Total Payments	(20,135.72)
Cash transferred to interest bearing liquidation account	2,205,833.84
Represented by	
Transfer from Administration bank account	1,121,245.11
Transfer from Administration bank account	1,084,588.73
VAT held in non-interest bearing Barclays account as per the Administrator's final report	(156,927.21)
Adjusted by VAT on Agent's fees and disbursements	(2,314.87)
VAT adjustment in Administration (note)	(113,681.57)
VAT balance transferred to interest bearing liquidation account	(45,560.51)
Total balance transferred to interest bearing liquidation account (including VAT)	2,251,394.35

Note

You will note from the Administrator's final report that there was a VAT balance of c.£156k held in the VAT control account of the Administration bank account. During the liquidation, we have received all VAT that was due from HMRC at the date of liquidation (c.£45k plus interest). We have therefore made an adjustment of c.£113k to the VAT control account to correct this. To confirm, we do not expect that any VAT payments or refunds from the Administration are due and believe that VAT was fully accounted for in the Administration.

Outcome for creditors

Secured creditors

The Secured creditor's lending to the Company as at the date of the prior administration was in the region of £34m and is secured by way of fixed and floating charges over the Company's assets. As outlined previously, this was subsequently reduced due to the release of certain guarantees and letters of credit, to £27.7m.

So far, the Secured creditors have been paid £21,795k in the Administration. As mentioned above, in the event that the claims against Visa and Mastercard are unsuccessful, then we think it is unlikely that the Secured creditor will be fully repaid their lending of £27.7m. However, as part of the sale agreement for the international franchise contracts and intellectual property of the MUKL business, the Purchaser agreed to pay an additional top up cash consideration adjustment to ensure the Secured creditor is paid in full.

Preferential creditors

In the directors statement of affairs provided to the Administrators, the directors thought that preferential claims would total around £360,870. The amount of claims received and adjudicated totalled £525,833.92. We paid Preferential creditors in full on 26 May 2021 in the Administration.

Unsecured creditors

Dividends become available for Unsecured creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for Secured creditors may be ring-fenced for the benefit of Unsecured creditors. This Prescribed part is paid out of 'net property', which is floating charge realisations after costs, and after paying – or setting aside enough to pay – preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

The prescribed part applies in this case as there is a floating charge created after 15 September 2003.

The amount of the prescribed part is:

- 50% of net property up to £10,000
- 20% of net property above £10,000
- Subject to a maximum of £600,000

Unsecured creditor claims totalled £73,933,289. In this case there was a maximum Prescribed part of £600,000. After deducting our costs of dealing with the distribution, on 3 August 2021, the Administrators paid a dividend of 0.65% from the Prescribed part, totalling £480,000.

Apart from any Prescribed part, we are unable to provide any clarification as to whether a further distribution will be available to Unsecured creditors or the level of distribution that may become available during the liquidation. We currently await the outcome of the Visa and Mastercard litigation and will be able to provide further guidance in due course.

Progress since we last reported

Multilateral interchange claim

In the Administrators' final report, we advised that we had been liaising with lawyers concerning ongoing litigation that MUKL has with Visa and Mastercard. MUKL is part of a group of claimants that are in the process of taking action against Visa and Mastercard to recover multilateral interchange fees that have been found by the European Commission as being in restriction of competition.

During the liquidation, we have continued to liaise with lawyers concerning this matter and they have subsequently effected service of the claim form and particulars of claim on Visa and Mastercard on our behalf. The litigation has been complex due to reasons that are privileged and confidential in nature. However, at this current time, we are aware that the claims being pursued against Visa and Mastercard are listed to go to trial in late 2024.

As explained earlier in this report, should the claims against Visa and Mastercard be successful, there is a reasonable prospect that the net realisations could be sufficient to enable the Secured creditor to be paid in full and allow funds for a further distribution to be made to the Unsecured creditors.

As the litigation is funded, we are currently paying VAT on legal fees

Connected party transactions

There have been no connected party transactions in the liquidation.

Statutory and compliance

Tax

During the liquidation, we have prepared and submitted the following corporation tax returns:

- 1 April 2021 to 31 March 2022
- 1 April 2022 to 8 November 2022

Our next corporation tax return will be for the period 9 November 2022 to 8 November 2023.

We will continue to prepare and submit corporation tax returns to HMRC assuming there are further taxable realisations. Should this position change, we will prepare our final corporation tax return and request tax clearance from HMRC.

VAT

During the liquidation, we prepared and submitted our final VAT return to HMRC for the period 1 September 2022 to 30 November 2022. The Company was due a VAT refund of c.£30k which was not received until September 2023 hence the repayment included 5% interest of c.£1.5k.

During the liquidation, we also received a VAT refund from HMRC into the Company's liquidation account for the Administration VAT period of 1 June 2022 to 31 August 2022. The refund totalled c.£15k which was received into the liquidation account as the Administration had ended and is included within the VAT control account balance shown on the receipts and payments account at Appendix A. Again, as HMRC had made a late repayment, late repayment interest of £770 was also received into the liquidation account.

We submitted an application to deregister for VAT given the Company has ceased trading, along with the VAT return to November 2022. We subsequently obtained confirmation from HMRC that the Company has been deregistered for VAT purposes as at 2 December 2022.

Any subsequent transactions that incur VAT will be periodically reported to HMRC by way of a VAT426 form.

Other matters

Bank Interest

During the period, we received c.£83k of bank interest into the Company's bank account which can be shown on the receipts and payments account at Appendix A.

Assignment of registered trademarks

You may recall that at the commencement of the Administration, the Purchaser bought the rights to the Company's intellectual property and this included the registered trademarks. From time to time, we are made aware by the Purchaser that certain trademarks are still registered in the Company's name. In these situations, we have been required to execute an assignment document in order to assign the trademark to the Purchaser as they own the rights to them.

During the period of the liquidation, we have dealt with a number of these assignments of registered trademarks, one of which relates to a trademark registered in Iraq. This particular assignment required the assistance of a notary to notarise a Power of Attorney. Their fee for this amounted to £925 which is included in the Professional Fees line of the receipts and payments account and Appendix A.

Utilities and rates refunds

During the period, we have continued to liaise with CAPA regarding potential refunds due to the Company in respect of properties occupied preceding and during the Administration. These refunds relate to overpayments of business rates and BID Levy. Since the commencement of the liquidation, we have received c.£48k into the Company's account.

Professional Fees

We recently required the assistance of a notary service to notarise a Power of Attorney document. The purpose of this was to enable the Purchaser's legal advisors to effectively deal with tax matters on their behalf in India. The fee for this service was £590 which is included in the Professional Fees line in the receipts and payments account at Appendix A.

Agent's Fees

As you may recall, in the Administration we entered into a contract with Gordon Brothers to continue to drive sales at competitive prices in the stores and keep trading costs as low as possible in return for a share of the revenue, subject to minimum net realisations. During the liquidation, we paid the final instalment of this revenue share to Gordon Brothers of c.£35k for assisting with the realisation of in excess of £1m.

Gordon Brothers also have an agreement in place with CAPA whereby any recoveries collected by CAPA and refunded to the Company in relation to overpayment of business rates or BID Levy. We have made various payments to Gordon Brothers in relation to their share of recoveries in the sum of c.£66k as shown in the receipts and payments account at Appendix A, of which c.£30k relates to a refund that was received after the end of the Administration and before the Company entered into liquidation. This refund can be seen in the table on page 6.

Legal Fees

During the liquidation, we have had initial conversations with Browne Jacobson to disclaim all outstanding leases. As part of this, they asked if we could engage CAPA to contact the landlords to obtain the information necessary for the disclaimers. CAPA quoted c.£6k for this piece of work. We have not progressed this any further as the only costs associated with the remaining leases is public liability insurance, which is fairly minimal (further information is provided in the "insurance" section below). We will keep this under review and engage with landlords of the relevant properties.

Browne Jacobson issued their invoice to the Company regarding the work they had already performed in line with this piece of work. You will note from the receipts and payments account at Appendix A that we have paid this invoice for their legal fees and disbursements, totalling c.£8.6k.

Insurance

The Company continues to hold a number leases for properties whereby our offers to surrender the leases have not yet been accepted. As such, we have continued to insure these properties on a public liability basis only during the liquidation and have made payments for renewal premiums of c.£2.2k.

We have also advised our insurance brokers of leases which have since expired and they have updated the cover accordingly. We have therefore received a refund of premiums paid in advance of c.£150 into the liquidation account. As such, an amount of c.£2.1k is shown in the receipts and payments account at Appendix A. We will continue to liaise with our insurers with regards to any amendments as required.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 8 November 2022 to 7 November 2023.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as a liquidation expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our fees, expenses and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning Sarah Robson on 0113 289 4000.

What we still need to do

The below is a summary of the outstanding matters in the liquidation:

- Continue to liaise with lawyers regarding the multilateral claims against Visa and Mastercard and await the outcome;
- Assess the potential return to Unsecured creditors dependent on the outcome of the multilateral claim;
- Continue to liaise with landlords regarding acceptance of our offers to surrender leases, monitoring leases due to expire and updating insurance cover as appropriate;
- Preparing and submitting a final VAT 426 form to HMRC;
- Confirm with our tax advisers as to whether the Company may deregister for corporation tax and submit a final return; and
- Continue to comply with our statutory obligations such as reporting to creditors and conducting case reviews.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is sooner.

If you've got any questions, please get in touch with Sarah Robson on 0113 289 4000.

Yours faithfully

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

Toby Banfield
Joint Liquidator

Appendices

Appendix A: Receipts and payments

Receipts and payments account from 8 November 2022 to 7 November 2023

Assets subject to a fixed charge	Cumulative to 7 November 2023
Receipts	-
Total Receipts	-
Payments	-
Total Payments	-
Net Fixed Charge Realisations	-
Assets subject to a floating charge	
Receipts	
Bank interest gross	82,767.62
Interest from HMRC	1,508.03
Interest from HMRC on prior appointee VAT return	770.00
Utilities and Rates	47,849.00
Prior appointee balance	2,251,394.35
Total Receipts	2,384,289.00
Payments	
Professional fees	(1,515.00)
Agent's Fees - Property and Assets	(101,184.44)
Legal Fees and Expenses	(8,647.00)
Statutory Advertising	(90.00)
Insurance	(2,134.97)
Total Payments	(113,571.41)
Net Floating Charge Realisations	2,270,717.59
VAT Control Account	(24,484.14)
Funds held in an interest bearing Barclays account	2,246,233.45

Notes to the R&P

1. Amounts shown exclude VAT.
2. During the liquidation, we received £770 of late repayment interest from HMRC which relates to a VAT return submitted by the appointees during the prior administration. HMRC paid this following the ending of the prior administration, hence we received it during the liquidation.
3. You may note that the balance held in the Barclays and HSBC bank accounts at the end of the Administration differ slightly to the balance transferred to the liquidation account. This is due to a series of transactions that took place between the ending of the prior administration and the commencement of the liquidation. Please refer to the table on page 6 for a breakdown of the transactions that took place during this period to explain the difference in the funds carried over to the liquidation.
4. There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments account provided above.

Appendix B: Expenses

Expenses are amounts properly payable by us as Joint Liquidators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the general body of creditors) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Joint Liquidators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

Category	Provided by	Basis of cost	Costs incurred £
2	PwC	Photocopying - up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying.	-
2	PwC	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc) for petrol/diesel/hybrid; at a maximum of 72 pence per mile for fully electric and at a maximum of 12 pence per mile for a bicycle	-
1	PwC	Storage	5,359.98
Total			5,359.98

The expense policy set out above was approved by the general body of creditors on 30 July 2020 during the Administration.

The table below provides details of all the expenses incurred in the liquidation. The table also provides details of the total expenses incurred in the Administration which have been brought forward to the liquidation:

	Brought forward from Administration £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £	Initial estimate £	Variance £
Trading expenses	24,670,596.53	-	24,670,596.53	582,282.56	25,252,879.09	24,967,632.08	285,247.01
Costs of sales	1,092,631.31	-	1,092,631.31	-	1,092,631.31	2,685,937.67	(1,593,306.36)
Gross wages & salaries	10,550,236.83	-	10,550,236.83	-	10,550,236.83	8,971,609.01	1,578,627.82
Utilities and Rates*	2,842,828.47	-	2,842,828.47	282,282.56	3,125,111.03	4,301,677.24	(1,176,566.21)
Distribution, utilities and other operating expenses	10,184,899.92	-	10,184,899.92	300,000.00	10,484,899.92	9,008,408.16	1,476,491.76
Other expenses	25,137,188.18	113,571.41	25,250,759.59	590,183.65	25,840,943.24	23,077,551.60	2,763,391.64
Agents' fees and disbursements (Gordon Brothers)	12,289,576.94	101,184.44	12,390,761.38	85,740.65	12,476,502.03	10,817,089.13	1,659,412.90
Duress payments	4,999,328.11	-	4,999,328.11	-	4,999,328.11	4,963,428.70	35,899.41
Concession Payments	4,442,809.10	-	4,442,809.10	-	4,442,809.10	3,609,051.84	833,757.26
Legal fees and expenses	382,879.48	8,647.00	391,526.48	497,353.00	888,879.48	752,454.84	136,424.64
Insurance	-	2,134.97	2,134.97	2,000.00	4,134.97	-	4,134.97
Professional Fees	-	1,515.00	1,515.00	-	1,515.00	-	1,515.00
Office holders' fees	2,315,000.00	-	2,315,000.00	TBC	2,315,000.00	2,215,000.00	100,000.00
Office holders' disbursements	82,901.34	5,359.98	88,261.32	5,000.00	93,261.32	54,641.56	38,619.76
Pre-administration costs (PwC)	375,000.00	-	375,000.00	-	375,000.00	380,901.20	(5,901.20)
Pre-administration costs (Kirkland & Ellis LLP)	241,008.88	-	241,008.88	-	241,008.88	276,574.00	(35,565.12)
Pre-administration costs (Metis LLP)	8,333.33	-	8,333.33	-	8,333.33	8,333.33	-
Statutory advertising	351.00	90.00	441.00	90.00	531.00	77.00	454.00
Total	49,807,784.71	118,931.39	49,926,716.10	1,172,466.21	51,099,182.31	48,045,183.68	3,053,998.63

*Although the Company is no longer trading and we have offered to surrender leases of the properties that remain, we have estimated that there may be further business rates due once we are in a position to confirm that all leases have either been surrendered or expired. The estimated future balance differs from the Administrator's final report as we have deducted a business rates refund received in the liquidation from the previous balance.

The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

We have not sought approval to draw fees for our work in the liquidation and are not in a position to estimate these at this time as they are very much dependent on the progress and outcome of the Multilateral interchange claim, hence these are shown in the above table as To Be Confirmed ("TBC").

Appendix C: Remuneration update

During the Administration, creditors fixed the basis of the Administrators' fees as a set amount as approved by the general body of creditors on 30 July 2020 with an additional uplift being approved on 24 January 2022.

The fee basis agreed in the Administration continues to apply in the liquidation. This means that our fees as Joint Liquidators will be calculated in accordance with the fee that was fixed as set out above.

Our fixed fee is £2,195,000 from floating charge funds, £375,000 to cover pre-appointment fees and £120,000 from Prescribed part funds, all of which were paid during the Administration. As a result, it's possible that we will seek additional approval from the general body of creditors for an uplift of our fees in due course, on a fixed fee basis.

We set out later in this Appendix details of our work to date, anticipated future work, expenses, subcontracted work and payments to associates.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none">• Dealing with receipts, payments and journals;• Opening of liquidation bank account;• Transfer of prior appointee funds to the liquidation account; and• Closure of prior administration bank accounts.	<ul style="list-style-type: none">• Preparing and authorising receipt and payment vouchers and carrying out bank reconciliations; and• Enables proper accounting to creditors and for taxes.	<ul style="list-style-type: none">• Complying with statutory and regulatory duties regarding the holding and accounting for funds.
Sale of business	<ul style="list-style-type: none">• Arranging for the notarisation and execution of documents required in order to transfer the rights to the Purchaser under its rights under the sale of business assets.	<ul style="list-style-type: none">• To comply with the continuing obligations under the sale of business and assets.	<ul style="list-style-type: none">• To comply with the asset sale agreement.
Assets (including property)	<ul style="list-style-type: none">• Liaising with landlords and their managing agents of properties regarding acceptance of surrenders of the leases;	<ul style="list-style-type: none">• Necessary to negotiate with landlords and liaise with agents in order to reduce MUKL's liabilities in respect of its	<ul style="list-style-type: none">• Steps taken to effect surrenders and reclaim historic rates overpayments mitigates creditor and expense claims against the liquidation; and

	<ul style="list-style-type: none"> • Liaising with CAPA regarding business rates refunds due to the Company; and • Liaising with lawyers around the ongoing litigation that MUKL has with Visa and Mastercard. 	<ul style="list-style-type: none"> • property portfolio; and • Necessary to ensure maximum asset realisations. 	<ul style="list-style-type: none"> • Maximise asset realisations in the liquidation.
Insurance	<ul style="list-style-type: none"> • Reviewing insurance policies; • Corresponding with insurer regarding ongoing insurance requirements; • Realising any value within policies; and • Notifying insurers of any surrendered or expired leases to reduce the premium charged. 	<ul style="list-style-type: none"> • Necessary to ensure appropriate insurance of assets and to ensure that assets are properly dealt with; and • Pursuing insurance claims where appropriate to mitigate losses. 	<ul style="list-style-type: none"> • Mitigation of the risk of claims against the liquidation and loss of assets.
Secured creditors	<ul style="list-style-type: none"> • Responding to Secured creditor queries. 	<ul style="list-style-type: none"> • Dealing with the Secured creditors' queries in a timely manner. 	<ul style="list-style-type: none"> • Direct benefit to Secured creditors through the provision of information.
Employees	<ul style="list-style-type: none"> • Receiving and following up employee enquiries via telephone, post and email. 	<ul style="list-style-type: none"> • Dealing with employee queries in a timely manner. 	<ul style="list-style-type: none"> • Mitigation of claims insofar as possible.
Unsecured creditors	<ul style="list-style-type: none"> • Receiving and following up with creditor enquiries via telephone, email and post. 	<ul style="list-style-type: none"> • Dealing with creditor queries in a timely manner. 	<ul style="list-style-type: none"> • Direct benefit to creditors through the provision of information.
Statutory and compliance	<ul style="list-style-type: none"> • Conducting case reviews; • Managing internal systems and checklists ensuring that all statutory duties are complied with; • filing emails on the internal system of record; and • Dealing with post received from various parties. 	<ul style="list-style-type: none"> • Necessary to satisfy statutory and regulatory responsibilities; and • Keeping creditors informed and involved. 	<ul style="list-style-type: none"> • To meet statutory and regulatory responsibilities.
Strategy and planning	<ul style="list-style-type: none"> • Holding team meetings and discussions regarding the status and progression of the liquidation. 	<ul style="list-style-type: none"> • Planning and project managing the different workstreams. 	<ul style="list-style-type: none"> • To maximise efficiency of work undertaken.

Tax and VAT	<ul style="list-style-type: none"> • Preparing and submitting post-appointment tax computations; • Liaising with our tax advisors regarding ongoing requirements for post-appointment tax computations; • Preparing and submitting the quarterly post-appointment VAT returns; and • Deregistering for VAT and obtaining clearance from HMRC with regards to deregistration. 	<ul style="list-style-type: none"> • Necessary to comply with our legal obligation to submit tax and returns.. 	<ul style="list-style-type: none"> • To comply with our statutory and regulatory responsibilities.
Closure procedures	<ul style="list-style-type: none"> • Final wind down of internal systems and processes relating to the Administration. 	<ul style="list-style-type: none"> • Ensure that the Company's affairs are wound down in an orderly manner. 	<ul style="list-style-type: none"> • Ensure that the Company's affairs are wound down in an orderly manner.

Our future work

We still need to do the following work in the liquidation.

Area of work	Work undertaken	Whether or not the work will provide a financial benefit to creditors
Accounting and treasury	<ul style="list-style-type: none"> Dealing with receipts, payments and journals; and Performing bank reconciliations on a regular basis. 	<ul style="list-style-type: none"> Complying with statutory and regulatory duties regarding the holding and accounting for funds.
Assets	<ul style="list-style-type: none"> Liaising with landlords and their managing agents to complete on the surrenders of remaining properties; Liaising with CAPA regarding business rates refunds due to the Company; and Liaising with lawyers around the ongoing litigation that MUKL has with Visa and Mastercard; and Dependent on the outcome of the interchange claim, obtaining payment of the relevant amount of deferred consideration arising out of the sale and purchase agreement. 	<ul style="list-style-type: none"> Negotiations with landlords will lead to reductions in rental payments, resulting in greater potential recoveries for creditors; and Ensures the shortfall to the Secured Creditor is covered in compliance with the sale and purchase agreement.
Unsecured creditors	<ul style="list-style-type: none"> Receiving and following up with creditor enquiries via telephone, email and post. <p><i>Distribution to Unsecured creditors</i></p> <ul style="list-style-type: none"> In the event there are sufficient realisations as a result of the claims against Visa and Mastercard to enable an unsecured dividend. 	<ul style="list-style-type: none"> Direct benefit to creditors through the provision of information and payment of distributions.
Employees	<ul style="list-style-type: none"> Responding to employee reference requests as and when they are received; and Providing information as required in relation to employee liability claims. 	<ul style="list-style-type: none"> Direct benefit to creditors through the provision of information.
Secured creditors	<ul style="list-style-type: none"> Preparing reports to the Secured creditor; Responding to the Secured creditor's queries; and Making distributions in accordance with security entitlements. 	<ul style="list-style-type: none"> Direct benefit to Secured creditor through payment of distributions and provision of information.
Statutory and compliance	<ul style="list-style-type: none"> Drafting and publishing annual reports to creditors and the Registrar; Conducting case reviews every six months; Issuing notices and associated documentation for seeking 	<ul style="list-style-type: none"> To comply with statutory and regulatory requirements.

	<ul style="list-style-type: none"> decisions of creditors, if needed, including any request in respect of Joint Liquidators' fees; Dealing with records in storage; Filing of documents; and Updating checklists and diary management systems. 	
Strategy and planning	<ul style="list-style-type: none"> Holding team meetings and discussions regarding the status and progression of the liquidation; and Monitoring costs. 	<ul style="list-style-type: none"> To maximise efficiency of work undertaken.
Tax and VAT	<ul style="list-style-type: none"> Preparing tax computations for the post-appointment periods as they fall due; Liaising with HMRC; and Preparing VAT returns by way of a VAT 426. 	<ul style="list-style-type: none"> Statutory and regulatory requirements and enables reaching certainty on the tax position.
Closure procedures	<ul style="list-style-type: none"> Preparing and publishing a final report to creditors and the Registrar; Withdrawing undertakings not relating to trading and obtaining clearances from third parties; Obtaining tax clearances from HMRC; Closure of bank account; Completing checklists and diary management system; and Closing down internal systems. 	<ul style="list-style-type: none"> Ensures that the Company's affairs are wound down in an orderly manner.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

The Administrators used retail and property agents during the course of the Administration.

Gordon Brothers were selected as retail agents. They performed the following tasks on behalf of the administrators:

- Overseeing the running of the stores during the trading period;
- Facilitating the close down of the stores following the trading period;
- Planned expenditure during the trading period; and
- Marketing and setting discounts and incentives for stock disposal during the trading period.

This was work subcontracted to Gordon Brothers due to their experience of large trading retail jobs and their industry knowledge. We appointed Gordon Brothers following a competitive tender process, which included a number of parties with the experience and capacity to act as retail agents for a retailer of this size.

This appointment was agreed pursuant to a consultancy agreement with Gordon Brothers, which was negotiated at arm's length and entered into shortly following the Administrators' appointment.

A key reason for Gordon Brothers' appointment was that their contract guaranteed a minimum return to the Administration, and that Gordon Brothers' tender represented the best value for the Administration.

During the liquidation, we made a final payment to Gordon Brothers for their revenue share of remaining proceeds in accordance with the consultancy agreement. This matter has now concluded and no further payments will be due to Gordon Brothers in this regard.

CAPA were selected as property agents. They performed the following tasks on behalf of the Administrators:

- Securing rent reductions with landlords;
- Liaising with landlords for outstanding rental invoices;
- Securing rates refunds; and
- Liaising with local authorities for rates payable by the Administrations.

This work was subcontracted to CAPA due to their knowledge of the industry. CAPA has good relationships with a lot of landlords, the majority of which were present in this case. The Administrators felt it was more cost effective for CAPA to perform this work as they could utilise their contracts and experience in the industry to agree rent reductions and secure rates refunds. This work remains ongoing in the CVL.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Insurance brokers, including: <ul style="list-style-type: none">• Continuing to provide insurance cover based on the specific requirements of the liquidation.	Insolvency Risk Services	Industry knowledge	Insurance policy cost
Legal advice, including: <ul style="list-style-type: none">• Assisting with lease disclaimers.	Browne Jacobson LLP	Industry knowledge	Time costs
Notary advice, including: <ul style="list-style-type: none">• Notarising trade mark assignment agreements and power of attorney documents	Peter David Knight Mantell - Notary Services	Industry knowledge	Fixed fee
Property agents, including: <ul style="list-style-type: none">• Securing rates refunds; and• Liaising with local authorities for rates payable by the Administrations.	CAPA	Industry knowledge	CAPA agreement with Gordon Brothers provides that Gordon Brothers will be entitled to a share of historic overpayments recoveries
Statutory advertising, including: <ul style="list-style-type: none">• Advertising the move from administration to CVL.	EPE Reynell Advertising Limited	Industry knowledge	Fixed fee per advertisement
Legal advice, including: <ul style="list-style-type: none">• Assisting with the interchange claim against Visa and Mastercard	Wallace LLP	Existing knowledge of the claim	VAT element only of time costs and disbursements

We require all third party professionals to submit appropriate information in support of invoices rendered. This may be

time costs analyses and narrative or a schedule of realisations achieved. We review this information to assess whether the costs are reasonable in the circumstances of the case. In order to review the appropriateness of professional costs we consider:

- comparison with upfront budgets;
- review of time costs analysis;
- review of disbursements claimed; and
- ongoing dialogue with regards to the work being performed.

Appendix D: Other information

Company's registered name:	Mothercare UK Limited - Creditors' Voluntary Liquidation
Trading name:	N/A
Registered number:	00533087
Registered address:	PricewaterhouseCoopers LLP, 8th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Liquidators' appointment:	8 November 2022
Joint Liquidators' names, addresses and contact details:	Zelf Hussain, Mark James Tobias Banfield and David Robert Baxendale of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT