

COPY

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

03206943

Name of Company

Contessa (Ladieswear) Ltd

I / We

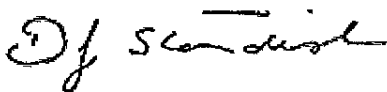
David John Standish, Arlington Business Park, Theale, Reading, Berkshire, RG7 4SD

Robert Andrew Croxen, Arlington Business Park, Theale, Reading, Berkshire, RG7 4SD

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 08/01/2014 to 07/01/2015

Signed



Date 5 March 2015

KPMG LLP
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Ref CCC19C5957/DB/SZR

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Statement of Receipts and Payments under section 192 of the Insolvency Act 1986

Name of Company Contessa (Ladieswear) Ltd

Company Registered Number 03206943

State whether members' or creditors' voluntary winding up Creditors

Date of commencement of winding up 08 January 2013

Date to which this statement is brought down 07 January 2015

Name and Address of Liquidator

David John Standish
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Robert Andrew Croxen
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

NOTES

You should read these notes carefully before completing the forms. The notes do not form part of the return to be sent to the registrar of companies.

Form and Contents of Statement

(1) Every statement must contain a detailed account of all the liquidator's realisations and disbursements in respect of the company. The statement of realisations should contain a record of all receipts derived from assets existing at the date of the winding up resolution and subsequently realised, including balance at bank, book debts and calls collected, property sold etc., and the account of disbursements should contain all payments of costs, charges and expenses, or to creditors or contributories. Receipts derived from deposit accounts and money market deposits are to be included in the 'balance at bank'. Only actual investments are to be included in the 'amounts invested' section in the analysis of balance on page 5 of the form. Where property has been realised, the gross proceeds of sale must be entered under realisations and the necessary payments incidental to sales must be entered as disbursements. A payment into the Insolvency Services Account is not a disbursement and should not be shown as such, nor are payments into a bank, building society or any other financial institution. However, the interest received on any investment should be shown in the realisations. Each receipt and payment must be entered in the account in such a manner as sufficiently to explain its nature. The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one account to another without any intermediate balance, so that the gross totals represent the total amounts received and paid by the liquidator respectively.

Trading Account

(2) When the liquidator carries on a business, a trading account must be forwarded as a distinct account, and the total of receipts and payments on the trading account must alone be set out in this statement.

Dividends

(3) When dividends, instalments of compositions, etc. are paid to creditors or a return of surplus assets is made to contributories, the total amount of each dividend, etc. actually paid, must be entered in the statement of disbursements as one sum, and the liquidator must forward separate accounts showing in lists the amount of the claim of each creditor, and the amount of dividend, etc. payable to each creditor or contributory.

(4) When unclaimed dividends, etc. are paid into the Insolvency Services Account, the total amount so paid in should be entered in the statement of disbursements as one sum. The items to be paid in relation to unclaimed dividends should first be included in the realisations side of the account.

(5) Credit should not be taken in the statement of disbursements for any amount in respect of liquidator's remuneration unless it has been duly allowed by resolutions of the liquidation committee or of the creditors or of the company in general meeting, or by order of the court as the case may require, or is otherwise allowable under the provisions of the Insolvency Rules.

Liquidator's statement of account
under section 192 of the Insolvency Act 1986

Realisations			
Date	Of whom received	Nature of assets realised	Amount
		Brought Forward	84,341.55
20/01/2014	La Senza Ltd	VAT refunds (pre-liq)	21,105 86
20/01/2014	La Senza Ltd	Floating ch VAT control	9,331 54
31/03/2014	Nat West	Bank interest, gross	15 59
30/06/2014	NatWest	Bank interest, gross	21 97
30/09/2014	Nat West	Bank interest, gross	21 98
31/12/2014	NatWest	Bank interest, gross	30 69
Carried Forward			114,869 18

NOTE No balance should be shown on this account but only the total realisations and disbursements which should be carried forward to the next account

Analysis of balance

Total realisations
Total disbursements

Balance £

This balance is made up as follows

- 1 Cash in hands of liquidator
- 2 Balance at bank
- 3 Amount in Insolvency Services Account

- 4 Amounts invested by liquidator
Less The cost of investments realised
Balance
- 5 Accrued Items

Total Balance as shown above

		£
		114,869 18
		56,032 34
Balance £		58,836 84
		0 00
		58,836 84
		0 00
£	0 00	
	0 00	
		0 00
		0 00
		58,836 84

NOTE - Full details of stocks purchased for investment and any realisation of them should be given in a separate statement

The Liquidator should also state -

- (1) The amount of the estimated assets and liabilities at the date of the commencement of the winding up

£

Assets (after deducting amounts charged to secured creditors including the holders of floating charges)	67,818 33
Liabilities - Fixed charge creditors	0 00
Floating charge holders	0 00
Preferential creditors	0 00
Unsecured creditors	6,392,521 00

- (2) The total amount of the capital paid up at the date of the commencement of the winding up -

Paid up in cash	500,000 00
Issued as paid up otherwise than for cash	0 00

- (3) The general description and estimated value of any outstanding assets (if there is insufficient space here, attach a separate sheet)

Receipt of dividends in respect of intercompany debts

- (4) Why the winding up cannot yet be concluded

Payment of dividends to unsecured creditors

- (5) The period within which the winding up is expected to be completed

One year



**Contessa (Ladieswear) Limited -
in Liquidation**

Second progress report
for the period from 8 January 2014
to 7 January 2015

Pursuant to Rule 4 49(C) of the Insolvency
Rules 1986 (as amended)

KPMG LLP
2 March 2015

DLB/KLH/1F



Notice: About this Report

This progress report has been prepared by David Standish and Rob Croxen, the liquidators of this company, solely to comply with their statutory duty under the Insolvency Act and Rules 1986 to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose

This report is not suitable to be relied upon by any other person, or for any other purpose, or in any other context including any investment decision in relation to the debt of or any financial interest in this company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors.

David John Standish is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association

Robert Andrew Croxen is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales

The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the liquidation



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Glossary

Company/Contessa	Contessa (Ladieswear) Limited – in Liquidation
Directors	James Cocker, Robert Darwent, Mary Minnick and Nicholas Mather
Group/Companies	Contessa, LS Europe, LSL, Xunely
Liquidators	David Standish and Robert Croxen
LS Europe	La Senza Europe Limited – in Liquidation
LSL	La Senza Limited – in Liquidation
LSI2	Lion/Silk Investments 2 Limited - Dissolved
Secured Creditor/Secured Lender	Lion Silk Funding LUX 2 S A R L
Xunely	Xunely Limited – in Liquidation

The references in this report to Sections or Rules are to the Insolvency Act 1986 and the Insolvency Rules 1986 (both as amended)



1 Introduction

David Standish and Rob Croxen were appointed Joint Liquidators of the Company on 8 January 2013

This is our second annual progress report to creditors for the period 8 January 2014 to 7 January 2015

Company information as required under Rule 4 49(C) is attached as Appendix 1

Our receipts and payments account for the period is attached as Appendix 2, with a summary of expenses incurred in this period attached as Appendix 4 All figures are shown net of VAT

2 Progress of the liquidation

2.1 Asset realisations

2.1.1 Sundry refunds

We submitted a VAT return during the administration, £21,106 was received from HMRC in the period in respect of this return

2.1.2 Inter-company debtors

The Company has an estimated unsecured claim of £3 9 million in the liquidation of LSL LSL is expected to seek partial set off of this debt as a result of a contribution claim against Contessa in respect of distributions that LSL made to the Secured Lenders in excess of its equitable share (see 3 1) Contessa is expected to recover a dividend of between 8p to 11p in the £ on the balance of any debt from LSL The timing and quantum of this is dependent on the progress of the liquidation of LSL, but is expected to be within the next 12 months

2.1.3 Other realisations

In this period £90 has been received in bank interest

2.2 Costs of realisations

Payments made in this period are set out in the attached receipts and payments account (see Appendix 2) The figures on this account are shown net of VAT

The schedule of expenses attached as Appendix 4 details the costs incurred, paid or unpaid, specifically relating to this reporting period The figures in this statement are also shown net of VAT

Please note that under Rule 4 49(E), creditors are advised, that within 21 days of receipt of this report a creditor may request additional information about our remuneration and expenses as set out in this report A request must be in writing, and may be made either, by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court



In addition, under Rule 4 131, any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of creditors, or with the permission of the court may apply to the court, to challenge the remuneration charged, the basis of remuneration or the expenses incurred by us. Any such application must be made no later than eight weeks after receipt of the first report which reports the charging of the remuneration or the incurring of expenses in question.

The full text of Rules 4 49(E) and 4 131 can be provided on request by writing to Kelly Haines at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD.

2 2.1 Liquidators' remuneration

The statutory provisions relating to remuneration are set out in Rule 4 127. Further information can be found in the Association of Business Recovery Professional's publication "A creditors' guide to Liquidators fees," a copy of which can be found at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Nov2011.pdf

However, if you are unable to access this guide and would like a copy please contact Kelly Haines on 0118 373 1401.

As the Company was previously in administration and the basis of our remuneration was fixed, under Rule 2 106, on a time cost basis, our remuneration will continue to be fixed on this basis. An analysis of our time costs for the period of this report is attached, together with a schedule of our hourly charge out rates (see Appendix 3). This shows that we have incurred time costs of £14,607 representing 52 hours at an average hourly rate of £278. The above includes tax, VAT and pensions advice from KPMG's in house specialists. However, no remuneration has been drawn as yet.

3 Liabilities

3.1 Secured creditor

The Secured Lenders for the Group provided senior debt facilities to LSI2 and held fixed and floating charge security over LSI2, which was cross guaranteed by all the Companies in the Group. During the administration, our solicitors confirmed that the Secured Lenders' security is valid.

The Secured Lenders submitted claims totalling £9.1 million. This was settled in full by the Companies in the Group as guarantors, including a payment of £153,299 made by Contessa.

Furthermore, since each of the Companies were jointly and severally liable for the senior debt, and LSL repaid the vast majority of this senior debt, LSL is entitled to make a contribution claim against Contessa in respect of distributions it made to the Secured Lenders in excess of its equitable share of the senior debt. It is likely however, that Contessa will be able to set-off this contribution claim against pre-administration intercompany debt owed by LSL (see 2 1 2).



3.2 Preferential creditors

Claims in respect of certain arrears of wages and holiday pay rank preferentially. The Group's 2,300 staff were all employed by the LSL and therefore there are no preferential claims against the Company.

3.3 Unsecured creditors

In their Statement of Affairs, the Directors estimate that the Company has unsecured liabilities of £6,392,521. These principally comprise landlords and other property related suppliers and intercompany debt due to Xunely.

The exact amount and timing of a dividend to unsecured creditors is dependent on the timing and amount of any dividend from LSL, in relation to the inter-company debt (see section 2.1.4), the costs of the liquidation and the total value of unsecured creditor claims.

However, we estimate between £30,000 and £70,000 will be available to unsecured creditors of the Company. These funds are subject to the costs of agreeing unsecured claims and making the distribution. Therefore, the maximum dividend is estimated to be 1p in the £.

4 Other matters

4.1 Investigations

We have a duty to investigate whether potential causes of action exist against third parties which would increase recoveries for creditors. Following an initial review of the Company's affairs we consider that there are no such causes of action in this matter.

We also have a duty to investigate the conduct of directors, and submit a report to Department of Business Innovation and Skills on the conduct of those directors or shadow directors who were in office in the three years prior to the liquidation. We have complied with this obligation. The contents of the report are confidential and cannot be disclosed.

5 Future strategy

5.1 Ongoing matters

The following matters are ongoing which are preventing this liquidation being closed. These are as follows:

- Receipt of dividends in respect of intercompany debts,
- Agreeing unsecured claims and paying a dividend to unsecured creditors,
- Settlement of the costs of liquidation, including Liquidators' remuneration and disbursements,
- Complying with ongoing obligations in respect of VAT and corporation tax, and
- Dealing with statutory reporting and compliance obligations



As soon as these matters have been completed, the Liquidators will issue a final progress report and call final meetings of members and creditors to bring the liquidation to an end and obtain their release from office. The Company will then be dissolved approximately three months thereafter.

5.2 Future reporting

We will report again on the progress of the liquidation within two months of 8 January 2016 or prior to its conclusion if earlier.

If you wish to discuss the contents of this report, or any other aspect of the liquidation, please contact Kelly Haines on 0118 373 1401.

David Standish
Joint Liquidator



Appendix 1 - Company information

Name	Contessa (Ladieswear) Limited
Registered Company number	03206943
Previous registered office	Unit 5, Swallowfield Way, Hayes, Middlesex UB3 1DQ
Present registered office	c/o KPMG LLP, Arlington Business Park, Theale, Reading, Berkshire RG7 4SD
Joint Liquidators	David John Standish and Robert Andrew Croxen
Joint Liquidators' address	KPMG LLP, Arlington Business Park, Theale, Reading, Berkshire RG7 4SD
Date of appointment	8 January 2013
Appointed	In accordance with Paragraph 83



*Contessa (Ladieswear) Limited - in Liquidation Contessa (Ladieswear) Limited - in
Liquidation
Second progress report
KPMG LLP
2 March 2015*

Appendix 2

**Liquidators' receipts and payments account for the period 8
January 2014 to 7 January 2015.**

Contessa (Ladieswear) Ltd
(In Liquidation)
Liquidators' Abstract of Receipts & Payments

Statement of Affairs	From 08/01/2014 To 07/01/2015	From 08/01/2013 To 07/01/2015	
	ASSET REALISATIONS		
	VAT refunds (pre-liq)	21,105 86	21,105 86
	Cash at bank	NIL	8,365 00
67,818 33	Funds from Administration	NIL	67,818 33
		21,105 86	97,289 19
	OTHER REALISATIONS		
	Bank interest, gross	90 23	90 23
	Bank interest, net	NIL	64.92
	Sundry refunds	NIL	8,050 21
		90 23	8,205 36
	COST OF REALISATIONS		
	Administrators fees	NIL	45,311 75
	CAPA - Rates Agent	NIL	1,345 96
		NIL	(46,657 71)
	UNSECURED CREDITORS		
(999 00)	Trade & expense	NIL	NIL
(6,391,522 00)	Interco debt - Xunely Limited	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(500,000 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(6,824,702.67)		21,196 09	58,836.84
	REPRESENTED BY		
	VAT receivable		9,331 54
	Current account		58,836 84
	Floating ch VAT control		(9,331 54)
			58,836.84

Appendix 3

Analysis of Liquidators' time costs for the period from 8 January 2014 to 7 January 2015 and schedule of hourly charge out rates

	Restructuring 8 January 2013 to 30 Sept 2013	Restructuring 1 October 2013 to present	Restructuring 1 October 2014 to present
Partner/director	£485 - £565	£485 - £565	£535 - £595
Management	£365 - £450	£385 - £475	£405 - £485
Administrators	£185 - £250	£195 - £265	£205 - £280
Support	£115	£120	£125

KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Use of privately-owned vehicle or car cash alternative – 45p per mile,

- Use of company car – 60p per mile,
- Use of partner's car – 60p per mile,

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.



Contessa (Ladieswear) Limited - in Liquidation

Liquidators' time costs from 8 January 2014 to 7 January 2015

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)		0 10	1 90		2 00	£410 00	£205 00
Reconciliations (& IPS accounting reviews)		0 60	2 40		3 00	£704 00	£234 67
General							
Books and records			0 80		0 80	£156 00	£195 00
Fees and WIP			0 50		0 50	£97 50	£195 00
Statutory and compliance							
Bonding and bordereau			0 10		0 10	£20 50	£205 00
Checklist & reviews	0 70	0 50	2 40		3 60	£1,105 00	£306 94
Strategy documents		0 20	0 25		0 45	£143 25	£318 33
Tax							
Post appointment corporation tax		0 20	5 30		5 50	£1,147 50	£208 64
Post appointment VAT		5 50	1 70		7 20	£2,502 50	£347 57
Creditors							
Creditors and claims							
Agreement of claims			1 60		1 60	£312 00	£195 00
Agreement of unsecured claims			3 00		3 00	£585 00	£195 00
General correspondence			3 40		3 40	£663 00	£195 00
Statutory reports		8 80	11 80		20 60	£6,491 00	£315 10
Realisation of assets							
Asset Realisation							
Freehold property		0 70			0 70	£269 50	£385 00
Total in period					52 45	£14,606 75	£278 49

Time is charged by reference to actual work carried out on the liquidation, using a minimum time unit of six minutes

All staff who have worked on the liquidation, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the liquidation but is reflected in the general level of chargeout rates.

Disbursements

Category 1

None £0 00

Category 2

None £0 00

Total **£0 00**



Appendix 4

Schedule of expenses for the period 8 January 2013 to 7 January 2014

	Paid	Accrued	Total for period
	£	£	£
Costs of realisation			
Liquidators' remuneration		14,607	14,607
Total		14,607	14,607

Notes

Creditors are advised that the basis of our remuneration has been agreed by the creditors on a time cost basis. Attached at Appendix 3 is an analysis of our time costs incurred in this reporting period.

Any additional information regarding our remuneration and/or other expenses charged for the period is available from us upon request by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 4.49E. This request must be made within 21 days of receipt of the report.

In addition, creditors are reminded that the quantum can be challenged by any secured creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt by making an application to Court in accordance with Rule 4.131 within eight weeks of receipt of this report.

The full text of these rules can be provided upon request.