In accordance with Rule 18.7 of the Insolvency (England & Wales) Rules 2016 and Sections 92A, 104A and 192 of the Insolvency Act 1986.

LIQ03

Notice of progress report in voluntary winding up

Companies House

TUESDAY

A7Y5EVX4

A18 29/01/2019 #92

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 ❶

Full forename(s)	Geoffrey Paul
Surname	Rowley

❶ **Other liquidator**
Use this section to tell us about another liquidator.

5 Liquidator's address ❷

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

❷ **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

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

7 Progress report

☑ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X Ghright X

	d	d	m	m	y	y	y	y
Signature date	2	5	0	1	2	0	1	9

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

FRP
Advisory

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

The Joint Liquidators' progress report for the period from 2 December 2017 to 1 December 2018 pursuant to section 104A of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016

25 January 2019

Contents and abbreviations

FRP Advisory

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
The Period	The reporting period, being from 2 December 2017 to 1 December 2018
CVL	Creditors' Voluntary Liquidation
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs
The Former Administrators	Philip Duffy and Benjamin Wiles of Duff and Phelps Limited
CVA	Company Voluntary Arrangement
Arcadia	Arcadia Group Limited
Barclays	Barclays Bank plc
GB	GB Europe Management Services Limited
PPF	Pension Protection Fund
tPR	The Pensions Regulator

1. Progress of the liquidation

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

Work undertaken during the Period and work yet to be completed

We attach at Appendix C a schedule of 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:

CVA

Creditors will recall that the Joint Liquidators made an application to Court for directions as to the validity and ranking for payment of certain additional sums due to landlords which were compromised under the terms of the CVA approved by the Company's creditors on 23 March 2016.

The Court found that, following the failure of the CVA on 16 December 2016, landlords were entitled to claim the full amount of outstanding rent (less any amounts received under the CVA), not just the compromised rent. The amount attributable to the period when the Former Administrators were in occupation of the premises should be paid as an expense of the liquidation, with the remainder to rank as an unsecured claim.

The Joint Liquidators have corresponded with the landlords affected by the decision and have agreed and paid additional rent payments totalling £2.4m in the Period. There are no further material payments to be made.

Trading

The Joint Liquidators have received a small number of requests for payment of rents and rates relating to the period the Company occupied stores and continued to trade whilst in administration. Where appropriate, these amounts have been agreed and paid.

International franchise debts

Creditors will recall from the previous report to creditors that there were three outstanding debtors in relation to the international operations of the Company (referred to as Debtor 1, Debtor 2 and Debtor 3).

An amount of £60k was received from Debtor 3, which was the outstanding amount due under the settlement agreement the Joint Liquidators entered into in the first year of the liquidation.

The Joint Liquidators have continued to liaise with their solicitors to continue recovery action in the two jurisdictions and are considering issuing insolvency proceedings against both outstanding debtors (being Debtor 1 and Debtor 2).

Property

The Joint Liquidators have disclaimed their interest in the remaining leases of which they are aware during the Period.

The Company retains its long leasehold interest in the property at Cribbs Causeway, Bristol. The long leasehold interest was charged to GB in February 2016 to secure principal funding of £9.4m. The Joint Liquidators have been in correspondence with GB and their solicitors during the Period to protect the value of this asset and to agree a strategy for its disposal.

Rates and miscellaneous refunds

The Joint Liquidators have continued to liaise with their appointed agents to recover historical overpayments in relation to business rates. This work is continuing.

Creditors will recall that two utility providers were holding security bonds to cover any potential exposure should the Company have defaulted on payment. During the Period the Joint Liquidators have arranged the release of £115k with one provider. The other provider continues to hold £684k however this is subject to a claim from the utility provider.

1. Progress of the liquidation

FRP Advisory

Handover

The Joint Liquidators have been in correspondence with the Former Administrators and their solicitors during the Period on a number of discrete matters where the documentation provided does not appear to be complete. The Former Administrators have provided further documentation which the Joint Liquidators are in the process of reviewing.

Receipts and payments account

Attached at Appendix B is a receipts and payments account detailing both transactions for the Period and also cumulatively 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 action.

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 is almost complete, 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 causes for recovery action. 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 ongoing investigations, the Joint Liquidators are 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.

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 020 3005 4000 or by email to Patrick.Donnan@frpadvisory.com.

Your faithfully

Tony Wright
Joint Liquidator
Licenced in the United Kingdom by the Institute of Chartered Accountants in England & Wales

2. Estimated outcome for the creditors

The estimated outcome for creditors was included in the Joint Liquidators' progress report dated 26 January 2018.

Outcome for secured creditors

Arcadia

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 the 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 have three outstanding charges registered at Companies House. Barclays has 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 of the leasehold interest has been achieved to date and accordingly no amounts have been paid to GB under their security.

Creditors will be updated in the Joint Liquidators next report to creditors, but it should be noted that if GB suffers a shortfall on its lending it will be able to claim as an unsecured creditor for the balance.

Grovepoint

Grovepoint was owed £19m by the Company and related BHS group companies 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.

Outcome for 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 Administrators for further details.

Outcome for unsecured creditors

The Joint Liquidators have received claims totalling £997,882,936 from unsecured creditors who have proved their debt 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.

The Joint Liquidators are holding the sum of £180k in respect of claims received that have not yet been adjudicated. The total value of these claims is approximately £5m and I am in the process of rejecting these claims and the funds held will then become available for unsecured creditors.

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

A further dividend will be declared in due course, but the Joint Liquidators are unable to confirm the timing or quantum at this stage.

2. Estimated outcome for the creditors

FRP Advisory

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 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 creditors passed a resolution that the Liquidators' remuneration should be calculated on a time cost basis. To date fees of £3,726,911, excluding VAT, have been drawn from the funds available.

A breakdown of our firm's time costs incurred during both the Period and to date is attached at Appendix D.

Creditors previously agreed the Joint Liquidators' fee estimate covering a period of two years from the date of liquidation in the sum of £5,264,022. The Joint Liquidators are unable to draw fees based on time costs exceeding the total amount set out in the fees estimate previously provide without further approval of the creditors. Approval will be sought under separate cover if required.

Joint Liquidators' disbursements

The Joint Liquidators' disbursements are a recharge of actual costs incurred by them 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 insolvency 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 was set out in correspondence to creditors dated 14 February 2017 and 13 February 2018. Attached at Appendix E is a statement of expenses that have been incurred during the Period. It is currently expected that the expenses incurred or anticipated to be incurred are not likely to exceed the details provided prior to the determination of the basis of the Liquidators' remuneration.

Certain 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 https://creditors.frpadvisory.com/info.aspx 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 being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

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
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, 2nd Floor, 110 Cannon Street, London EC4N 6EU
Date of appointment of Joint 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 both the Period and cumulatively

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

Statement of Affairs £		From 02/12/2017 To 01/12/2018 £	From 02/12/2016 To 01/12/2018 £
	OTHER DIRECT COSTS		
	Direct Labour	NIL	(523.22)
		NIL	(523.22)
	TRADING EXPENDITURE		
	Rents, SC & Insurance	(62,410.96)	(1,044,160.83)
	Rates	(675.37)	(3,381,183.70)
	Heat & Light	NIL	(297,131.78)
	Concessions	NIL	(242.77)
	CVA Rent Shortfall	(2,461,976.26)	(2,461,976.26)
	Water	NIL	(33,594.54)
	Insurance	NIL	(12,321.09)
	Professional Fees	NIL	(30,000.00)
	Repairs & Maintenance	NIL	(2,752.00)
	Sundry Expenses	NIL	(690.00)
	Service Charge	NIL	(2,340.03)
	Agents' Fees	NIL	(53,239.49)
	Security	NIL	(46,714.94)
	Refunds	(26.60)	(26.60)
		(2,525,089.19)	(7,366,374.03)
	TRADING SURPLUS/(DEFICIT)	**(2,525,089.19)**	**(7,366,897.25)**

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

Statement of Affairs £		From 02/12/2017 To 01/12/2018 £	From 02/12/2016 To 01/12/2018 £
	SECURED ASSETS		
	Bank Interest	NIL	493.80
	Transfer from Administration	NIL	3,697,943.61
	Fixed Charge Funding	98,811.96	380,316.21
		98,811.96	4,078,753.62
	COSTS OF REALISATION		
	Service Charge	(60,915.47)	(246,322.76)
	Property Costs	(34,723.98)	(134,291.54)
	Bank Charges	NIL	(30.00)
		(95,639.45)	(380,644.30)
	ASSET REALISATIONS		
	Leasehold Property	NIL	600,000.00
	Stock	NIL	50,145.00
	Sub-Tenant Rent	NIL	7,269.23
	Book Debts	289.94	1,761.40
	International Franchise Debts	60,000.00	1,194,534.61
	Letters of Credit	NIL	2,743,973.16
	Duty Deferment Bond	NIL	38.18
	Miscellaneous Refunds	17,487.05	320,884.01
	Cash at Bank	NIL	125,187.50
	Rent Refunds	NIL	16,330.07
	Transfer from Administration	NIL	64,475,583.25
	Rates Refunds	191,791.21	779,151.46
	Bank Interest Gross	122,312.43	281,107.59
	Funds Held By Merchant Service Providers	NIL	2,561,896.44
	Insurance Refund	NIL	43,068.98
	Trading Surplus/(Deficit)	(2,525,089.19)	(7,366,897.25)
	Utility Bonds	115,510.68	115,510.68
	Settlement Monies	NIL	515,171.00
	VAT On Utilities	NIL	339,862.85
	Contribution To Costs	NIL	900.00
		(2,017,697.88)	66,805,478.16

Appendix B

Joint Liquidators' receipts and payments account for both the Period and cumulatively

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

Statement of Affairs £		From 02/12/2017 To 01/12/2018 £	From 02/12/2016 To 01/12/2018 £
	COST OF REALISATIONS		
	Security	NIL	(86,962.02)
	Store Property Costs	(255.00)	(6,697.16)
	Accountants' Fees	NIL	(102,000.00)
	Late Filing Charges	NIL	(100.00)
	Former Joint Administrators' Remuneration	(340,000.00)	(422,953.45)
	Former Joint Administrators' Disbursements	NIL	(20,065.83)
	Joint Liquidators' Remuneration	(1,573,000.75)	(3,726,911.26)
	Joint Liquidators' Disbursements	(6,890.75)	(43,722.39)
	Agents' Fees - Administration Period	NIL	(112,000.78)
	Concession/Trust Monies	NIL	(1,226,950.00)
	Agents/Valuers Fees	(87,801.14)	(194,246.24)
	Legal Fees	(1,987,616.10)	(4,724,883.54)
	Legal Fees - Administration Period	NIL	(378,462.93)
	Legal Disbursements - Administration Period	NIL	(12,629.15)
	Legal Disbursements	(152,959.12)	(262,465.87)
	Debt Collection Commission	NIL	(91,169.27)
	Debt Collection Commission - Administation Peric	NIL	(83,669.27)
	Stationery & Postage	(10,556.03)	(35,621.87)
	Merchant Service Mgmt Fees	NIL	(40,000.00)
	Storage Costs	(1,016.44)	(12,147.90)
	Re-Direction of Mail	NIL	(1,225.00)
	Statutory Advertising	NIL	(253.80)
	Professional Fees	(11,075.00)	(58,019.75)
	Other Property Expenses	(7,457.48)	(12,976.79)
	Insurance of Assets	(72,367.08)	(72,367.08)
	Settlement Monies	(2,500.00)	(2,500.00)
	Bank Charges - Floating	(475.00)	(2,904.27)
	Stock Storage & De-Tagging	NIL	(13,232.84)
	Short Service Pension Refunds	NIL	(1,155.54)
		(4,253,969.89)	(11,748,294.00)

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

Statement of Affairs £		From 02/12/2017 To 01/12/2018 £	From 02/12/2016 To 01/12/2018 £
	UNSECURED CREDITORS		
	Unsecured Creditors	(1,918,612.33)	(37,860,647.68)
	Held For Reserved Claims	1,321.28	(179,805.66)
		(1,917,291.05)	(38,040,453.34)
		(8,185,781.31)	**20,714,815.14**
	REPRESENTED BY		
	VAT Recoverable - Floating		346,997.27
	IB Current Fixed		6,396.56
	IB Current Floating		6,935,230.65
	31 DN Acc Santander		13,182,308.49
	Held For Reserved Claims		(179,805.66)
	VAT Recoverable - Fixed		668.27
	VAT Control Account		506,895.59
	Short Service Pension Refunds		(83,876.03)
			20,714,815.14

Appendix C

The 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.

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 have continued to liaise with their brokers regarding premiums due and the cover in place over properties where the Company still retains an interest.	<u>Insurance</u> The Joint Liquidators will continue to monitor this position as appropriate and cancel public liability cover as and when possible.
	<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.

Appendix C

The Joint Liquidators' schedule of work

	<u>Case Control, Review, Strategy and General Administration</u> 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. 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. 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.	<u>Case Control, Review, Strategy and General Administration</u> 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. 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.
	<u>Liaison with third parties (Parliamentary Select Committee, Insolvency Service, tPR and PPF)</u> 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.	<u>Liaison with third parties (Parliamentary Select Committee, Insolvency Service, tPR and PPF)</u> The Joint Liquidators will respond to any requests received from tPR, Insolvency Service and the Parliamentary Select Committee, as appropriate. The Joint Liquidators will continue to update the PPF, as the majority creditor, as and when appropriate as to the progress of the liquidation and the likely final outcome for creditors.
	<u>CVA</u> Creditors will recall that the Joint Liquidators made an application to Court for directions as to the validity and ranking for payment of certain additional sums	<u>CVA</u> The Joint Liquidators will review the additional requests for payment in respect of the CVA shortfall and make payment where necessary.

	due to landlords which were compromised under the terms of the CVA approved by the Company's creditors on 23 March 2016. The Court found that, following the failure of the CVA on 16 December 2016, landlords were entitled to claim the full amount of outstanding rent (less any amounts received under the CVA), not just the compromised rent. The amount attributable to the period when the Former Administrators were in occupation of the premises should be paid as an expense of the liquidation, with the remainder to rank as an unsecured claim. The Joint Liquidators have corresponded with the landlords affected by the decision and have agreed and paid additional rent payments totalling £2.4m in the Period. There are no further material payments to be made.	
2	**ASSET REALISATION** **Work undertaken to date**	**ASSET REALISATION** **Future work to be undertaken**
	<u>Funds Held by Merchant Service Providers</u> A balance of £23k (as at April 2018) is being held by one provider as cover for any potential claims received which they would be contractually obliged to pay. The Joint Liquidators have been in correspondence with the provider who has advised that due to the potential liability they are unable to release the funds at this point in time.	<u>Funds Held by Merchant Service Providers</u> The Joint Liquidators will seek periodic updates from the provider and seek to have the amount held released to the Company.

The Joint Liquidators' schedule of work

FRP Advisory

	International Franchise Debtors 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. A number of those debts were realised during the preceding administration. There were three outstanding debts on appointment which the Joint Liquidators have progressed in the Period. **Debtor 1** The Joint Liquidators continue to liaise with their solicitors to commence enforcement proceedings in Debtor 1's jurisdiction. **Debtor 2** The Joint Liquidators continue to liaise with their solicitors to commence enforcements proceedings in Debtor 2's jurisdiction. **Debtor 3** The settlement sum referred to in the Joint Liquidators' previous report to creditors has been received in full.	International Franchise Debtors **Debtors 1 and 2** The Joint Liquidators will continue to liaise with their appointed solicitors and counsel in order to enforce judgments against Debtors 1 and 2.
	Rates Refunds The Joint Liquidators engaged Hilco Profit Recovery following their appointment due to their pre-existing knowledge of the store portfolio gained during the	Rates Refunds The Joint Liquidators will engage with individual parties who identify potential refunds due to the Company on an ad-hoc basis.

	period working as agents for the Former Administrators. Their mandate was to review 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 £192k has been received during the Period.	
3	**STATUTORY COMPLIANCE AND REPORTING** **Work undertaken to date**	**STATUTORY COMPLIANCE AND REPORTING** **Future work to be undertaken**
	<u>Statutory compliance – general, statutory reporting, meetings and appointment formalities</u> 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. Following the first anniversary of the liquidation appointment, the Joint Liquidators circulated their revised fee estimate which covered the second 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.	<u>Statutory compliance – general, statutory reporting, meetings and appointment formalities</u> 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.
	<u>Post appointment tax/VAT</u> The Joint Liquidators have continued to liaise with EY LLP to finalise the Company's pre-appointment tax position and finalise returns relating to the administration period.	<u>Post appointment tax/VAT</u> The Joint Liquidators will continue to work with EY to bring the tax affairs of the Company up to date.

	Periodic VAT returns have been submitted to HMRC in the Period.	Periodic returns in respect of VAT and corporation tax will be submitted to HMRC on an ongoing basis.
4	**TRADING** **Work undertaken to date**	**TRADING** **Future work to be undertaken**
	The Joint Liquidators have reviewed and where appropriate paid any liabilities relating to the period the Company continued to trade in administration.	The Joint Liquidators will continue to review any requests for payment as and when received.
5	**INVESTIGATIONS** **Work undertaken to date**	**INVESTIGATIONS** **Future work to be undertaken**
	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	
	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. 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 and progressed during the Period.	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.

Appendix C

The Joint Liquidators' schedule of work

	The Joint Liquidators have been appointed as joint liquidators of Darlington SHB Limited, a special purpose vehicle and 100% subsidiary of BHS Group Limited (in Liquidation), which received a £2.5m loan from the Company for the acquisition of the freehold of the Darlington store. The net proceeds following the sale of the property were £973k and this sum is now available for distribution (less the costs of the liquidation) to Darlington SHB Limited's creditors, of which the Company accounts for over 99%. Please note the net sale proceeds included a deposit in relation to an aborted transaction of £150k.	The Joint Liquidators will monitor the liquidation of Darlington SHB Limited for the payment of an unsecured dividend.
	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.	The Joint Liquidators will continue to communication with third-parties, where appropriate.
	The Joint Liquidators have extensively considered the existence of claims arising in respect of the Company's trading activities and actions during the period leading up the date of administration. This work stream is currently ongoing.	The Joint Liquidators are unable to comment further on this work stream at this stage so to not prejudice any potential action available to the Company.
	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. This work steam is currently ongoing.	The Joint Liquidators are unable to comment further on this work stream at this stage so to not prejudice any potential action available to the Company.
	<u>IT – Investigations</u>	<u>IT – Investigations</u>
	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.	The forensic technology team will continue to source and maintain Company data to a forensic standard over the course of the liquidation. The forensic technology team will continue to maintain the document discovery and review platform and assist providing targeted search and document tagging techniques.

	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. The Joint Liquidators' forensic technology team has provided technical expertise when required to assist in the general investigation work streams (detailed above).	The forensic technology team will continue to provide technical expertise when required to assist the general investigation streams.
6	**CREDITORS** **Work undertaken to date**	**CREDITORS** **Future work to be undertaken**
	<u>Property/Landlords</u> The Joint Liquidators have dealt with the Company's remaining interest in several leases, by either disclaiming its interest or surrendering its interest on a consensual basis. A large number of queries continue to be received and these are dealt with on an ongoing basis. <u>Employees and unsecured creditors</u> The Joint Liquidators have dealt with queries, including requests for references from employees, on an ongoing basis.	<u>Property/Landlords</u> The Joint Liquidators will resolve the status of the remaining leases and review and adjudicate any subsequent landlord claims, if applicable. <u>Employees and unsecured creditors</u> The Joint Liquidators will continue to respond to queries as and when received and declare a second and final dividend at the appropriate time.

The Joint Liquidators' schedule of work

7	**LEGAL AND LITIGATION** **Work undertaken to date**	**LEGAL AND LITIGATION** **Future work to be undertaken**
	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	
	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.	The Joint Liquidators will 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. The Joint Liquidators will 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).

Appendix D

Details of the Joint Liquidators' time costs and disbursements for both the Period and cumulatively

SHB Realisations Limited (formerly BHS Limited) (In Liquidation)
Time charged for the period 02 December 2017 to 01 December 2018

	Appointment Takers Partners	Managers Directors	Other Professional	Junior Professional & Support	Total Hours	Total Cost £	Average Hrly Rate £
Administration and Planning	**20.05**	**22.65**	**79.75**	**38.25**	**160.70**	46,251.50	287.81
Admin & Planning		0.25	0.50		0.75	178.75	238.33
Case Accounting		2.75	16.40	22.25	41.40	9,190.00	221.98
Travel	2.20		3.50		5.70	2,074.00	363.88
Case Control and Review	8.55	2.00	20.90	13.30	44.75	13,315.75	297.56
Case Accounting - General			21.80		21.80	4,622.50	212.04
General Administration	3.50	11.95	4.70	0.60	20.75	8,135.00	392.05
Insurance		1.50	0.80	0.30	2.60	783.50	301.35
Fee and WIP	2.25	4.00	10.15	1.80	18.20	5,674.25	311.77
Strategy and Planning		0.20	1.00		1.20	343.00	285.83
Media	0.30				0.30	163.50	545.00
IT – Admin / planning and acqu	3.25				3.25	1,771.25	545.00
Asset Realisation	**6.50**	**31.00**	**27.40**		**64.90**	24,061.50	370.59
Asset Realisation	1.50		19.10		20.60	6,267.00	304.22
Freehold/Leasehold Property	2.00	11.00			13.00	5,255.00	404.23
Debt Collection		19.50	8.30		27.80	10,682.00	384.24
Legal-asset Realisation	3.00	0.50			3.50	1,847.50	527.86
Creditors	**13.00**	**388.10**	**145.25**	**2.60**	**548.95**	184,279.25	335.69
Unsecured Creditors	10.50	73.35	105.35	2.60	191.80	63,382.25	330.46
Employees			25.45		25.45	5,105.00	200.59
Legal-Creditors	1.00	7.70	0.40		9.10	3,791.00	416.59
Landlord	0.50	294.15	6.00		300.65	104,151.00	346.42
TAX/VAT - Pre-appointment	1.00	12.90	3.30		17.20	6,773.50	393.81
Pensions - Creditors			1.50		1.50	426.50	284.33
Prescribed Part			3.25		3.25	650.00	200.00
Investigation	**168.10**	**1,204.65**	**3,033.20**	**0.70**	4,406.65	1,316,669.75	298.77
Investigatory Work	29.00	851.15	2,070.90		2,951.05	877,294.75	297.28
CDDA Enquiries			0.60		0.60	165.00	275.00
Legal - Investigations	81.10	65.75	18.80	0.70	166.35	74,278.25	446.52
IT – Investigations	17.80	24.40	84.45		126.65	38,195.00	301.58
Forensic	39.50	44.25	76.00		159.75	59,401.25	371.84
Relativity - Internal	0.70	219.10	782.45		1,002.25	267,225.50	266.63
Statutory Compliance	**7.00**	**49.80**	**62.10**	**1.80**	120.70	41,882.00	346.99
Post Appt TAX/VAT			2.10		2.10	577.50	275.00
Statutory Compliance - General			14.70		14.70	4,042.50	275.00
Statutory Reporting/ Meetings	4.00	21.80	39.50	0.30	65.60	22,142.00	337.53
Tax/VAT - Post appointment	3.00	26.00	5.80	1.50	36.30	14,440.00	397.80
Pensions- Other		2.00			2.00	680.00	340.00
Trading	**7.65**	**5.90**	**1.80**		15.15	6,999.75	462.03
Case Accounting - Trading			0.10		0.10	20.00	200.00
Trade-sales/ Purchase			0.90		0.90	259.50	288.33
Trading - General		5.90	0.60		6.50	2,551.00	392.46
IT – Trading / Sale support	7.65				7.65	4,169.25	545.00
Total Hours	**222.30**	**1,782.10**	**3,349.30**	**43.35**	**5,317.65**	**1,620,923.75**	304.68

Appendix D

Details of the Joint Liquidators' time costs and disbursements for both the Period and cumulatively

SHB Realisations Limited (formerly BHS Limited) (in Liquidation)
Time charged for the period 02 December 2016 to 01 December 2018

	Appointment Takers / Partners	Managers	Directors	Other Professional	Junior Professional & Support	Total Hours	Total Cost £	Average Hrly Rate £
Administration and Planning	**112.10**		**153.80**	**406.75**	**42.25**	**714.90**	225,794.25	**315.84**
Admin & Planning			0.25	0.50		0.75	178.75	238.33
Case Accounting			13.65	59.20	24.05	96.90	23,528.00	242.81
Travel	6.20		7.20	28.00		41.40	13,239.50	319.79
Case Control and Review	26.65		13.65	57.40	13.30	111.00	36,730.00	330.90
Case Accounting - General			3.00	70.40		73.40	17,312.50	235.87
General Administration	63.45		70.95	136.55	2.80	273.75	94,757.00	346.14
Insurance			25.35	8.10	0.30	33.75	12,137.25	359.62
Fee and WIP	8.25		7.75	39.30	1.80	57.10	17,171.75	300.73
Strategy and Planning	4.00		12.00	7.30		23.30	8,804.75	377.89
Media	0.30					0.30	163.50	545.00
IT – Admin / planning and acqu	3.25					3.25	1,771.25	545.00
Asset Realisation	**59.30**		**384.55**	**241.45**		**685.30**	247,965.75	**361.84**
Asset Realisation	7.05			56.55		63.60	18,444.25	290.00
Freehold/Leasehold Property	21.50		257.70	109.40		388.60	142,117.50	365.72
Chattel Assets			3.00	0.50		3.50	1,400.00	400.00
Debt Collection	0.50		112.35	64.00		176.85	62,665.25	354.34
Legal-asset Realisation	30.25		6.65	10.30		47.20	21,137.50	447.83
Stock/ WIP			4.85	0.70		5.55	2,201.25	396.62
Creditors	**80.20**		**1,863.60**	**2,029.70**	**200.72**	**4,174.22**	1,238,215.40	**296.63**
Unsecured Creditors	31.00		826.05	1,381.60	146.89	2,385.54	707,837.00	296.72
Secured Creditors	8.00		3.50	10.40		21.90	8,295.00	378.77
Employees	1.00		25.20	579.85	46.83	652.88	135,883.40	208.10
Preferential Creditors					7.00	7.00	875.00	125.00
HP/ Leasing			1.00	0.60		1.60	585.00	365.63
Legal-Creditors	33.80		15.70	0.40		49.90	24,842.00	497.84
Landlord	2.90		953.75	31.10		987.75	335,193.00	339.35
TAX/VAT - Pre-appointment	2.50		38.40	14.40		55.30	21,468.50	388.22
Pensions - Creditors	1.00			8.10		9.10	2,606.50	286.43
Prescribed Part				3.25		3.25	650.00	200.00
Investigation	**389.05**		**2,550.40**	**5,332.30**	**89.70**	**8,361.65**	2,500,514.50	**299.05**
Investigatory Work	81.25		1,898.60	3,627.10	74.50	5,679.65	1,701,125.00	299.51
CDDA Enquiries			1.00	5.10		6.10	1,690.00	277.05
Legal - Investigations	168.70		194.25	40.00	0.70	403.65	172,469.00	427.27
IT – Investigations	36.15		45.90	327.75		411.80	104,577.00	253.95
Forensic	102.25		77.05	194.05	13.00	386.35	134,135.00	347.19
Relativity - Internal	0.70		330.50	1,138.20	1.50	1,470.90	385,171.50	261.86
Forensic - Relativity Higher Rate			1.60	0.10		1.70	709.50	417.35
Forensic - Relativity Lower Rate			1.50			1.50	637.50	425.00
Statutory Compliance	**11.50**		**87.40**	**120.40**	**1.80**	**221.10**	74,387.00	**336.44**
Post Appt TAX/VAT	2.00		14.10	13.40		29.50	10,687.50	362.29
Statutory Compliance - General	0.50		7.25	28.50		36.25	10,958.75	302.31
Statutory Reporting/ Meetings	6.00		29.55	72.70	0.30	108.55	33,988.25	313.11
Appointment Formalities			8.50			8.50	3,612.50	425.00
Tax/VAT - Post appointment	3.00		26.00	5.80	1.50	36.30	14,440.00	397.80
Pensions- Other			2.00			2.00	680.00	340.00
Trading	**7.85**		**17.40**	**79.70**	**9.30**	**113.85**	31,412.25	**275.91**
Trading forecasting/ Monitoring			3.25	29.10		32.35	7,201.25	222.60
Case Accounting - Trading				0.60		0.60	142.50	237.50
Trade-sales/ Purchase			5.50	45.50	9.30	60.30	15,162.00	251.44
Trading - General			5.90	0.60		6.50	2,551.00	392.46
IT – Trading / Sale support	7.65			3.70		11.35	5,186.75	456.98
Legal-trading			2.75			2.75	1,168.75	425.00
Total Hours	**661.80**		**6,066.35**	**8,219.10**	**343.77**	**14,271.82**	4,318,289.15	**302.57**

Appendix D

Details of the Joint Liquidators' time costs and disbursements for both the Period and cumulatively

Disbursements for the period
02 December 2017 to 01 December 2018

	Value £
Category 1	
Company Search	17.00
Delivery	147.60
Postage	1,032.00
Prof. Services	786.96
Travel	25.30
Storage	16,910.14
Computer Consumables	54,495.73
Property	131.00
Category 2	
Photo coping	1,189.88
Scanning	1,845.18
Grand Total	**76,580.79**

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

Disbursements for the period
02 December 2016 to 01 December 2018

	Value £
Category 1	
Company Search	93.34
Delivery	1,076.85
Photo coping	1,189.88
Postage	1,142.40
Prof. Services	786.96
Subsistance	33.41
Taxis	91.69
Telephone	400.07
Travel	1,119.28
Storage	18,398.39
Bonding	20.00
Mobile Telephone	17.15
Computer Consumables	119,670.44
Property	212.00
Consultancy	3,300.00
Scanning	1,845.18
Grand Total	**149,397.04**

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

FRP Charge out rates

Grade	From 1st May 2016	1st May 2017
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

Appendix E

Statement of expenses incurred in the Period

SHB Realisations Limited (in Liquidation)
Statement of expenses for the period ended 1 December 2018

Expenses	Period to 1 December 2018 £	Cumulative period to 1 December 2018 £
Office Holders' remuneration (Time costs)	1,624,973	4,318,269
Office Holders' disbursements	76,581	149,397
Trading liabilities	2,575,089	7,416,897
Legal fees:	-	-
- Jones Day	2,130,341	4,638,906
- DLA Piper (UK) LLP	58,969	277,448
- Freeths LLP	3,846	18,213
- Ince & Co LLP	-	1,953
- Wallace LLP	-	6,500
- Hill Dickinson LLP	-	31,743
- Dentons UKMEA LLP	955	57,581
- Bond Dickinson LLP	-	20,992
- New Media Law LLP	-	13,250
- Shepherd & Wedderburn	9,824	22,639
- Arthur Cox	-	2,305
- Charles Russell Speechlys	12,557	23,019
- Hogan Lovells	-	90,101
Bank charges	500	2,929
Stock storage	13,233	13,233
Legal disbursements	151,869	262,466
Security	-	86,962
Store property costs	9,731	19,674
Accountants' fees	14,500	116,500
Late filing charges	-	100
Return of trust monies	-	1,226,950
Agents/valuers fees	-	-
- Waterscan Limited	-	3,380
- Hilco Profit Recovery	26,021	68,091
- Stark Software International Limited	-	650
- Savills (UK) Ltd - lease advisory	5,600	54,200
- Allsop LLP	20,258	32,003
- Morgan Rossiter	3,000	24,000
- CBRE	3,000	3,000
- Tracing agent	8,922	8,922
Settlement monies	2,500	2,500
Debt collection commission	-	91,169
Stationery and postage	10,556	35,622
Merchant service management fees	-	40,000
Storage costs	1,017	12,148
Re-direction of mail	-	1,225
Statutory advertising	-	254
Professional fees/Duff and Phelps	11,025	58,020
Total	**6,774,866**	**19,253,209**