

WU07

Notice of progress report in a winding-up by the court



Companies House

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1 Company details

Company number 0 5 4 4 8 4 2 1

Company name in full Debenhams Plc

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Alastair Paul

Surname Beveridge

3 Liquidator's address

Building name/number AlixPartners, 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country United Kingdom

4 Liquidator's name ①

Full forename(s) Clare Laura

Surname Kennedy

① **Other liquidator**
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number AlixPartners, 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

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	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>7</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>1</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>
To date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>6</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>1</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>3</div></div>

7

Progress report

☒ The progress report is attached

8

Sign and date

Liquidator's signature

Signature

X

/s/ [Signature]

X

Signature date

<div><div>d</div><div>1</div></div>	<div><div>d</div><div>3</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>3</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>3</div></div>
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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	Paul Butterfield
Company name	AlixPartners
Address	Ship Canal House, 8th Floor,
	98 King Street
Post town	Manchester
County/Region	
Postcode	M 2 4 W U
Country	United Kingdom
DX	
Telephone	0161 838 4500



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.



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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

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Liquidators' Progress Report for the period 27 January 2022 to 26 January 2023

Debenhams Plc
In Liquidation

13 March 2023

Contents

1. Why this report has been prepared	1
2. Summary of information for creditors	2
3. Progress of the Liquidation	4
4. What happens next.....	7

Appendices

Appendix A.	Statutory information
Appendix B.	Receipts and Payments Accounts for the period 27 January 2022 to 26 January 2023
Appendix C.	Liquidators' fees
Appendix D.	Expenses of the Liquidation
Appendix E.	Additional information in relation to the Liquidators' fees pursuant to Statement of Insolvency Practice 9

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1. Why this report has been prepared

- 1.1 A winding up order was made against Debenhams Plc (the **Company**) on 25 January 2021 by the High Court of Justice (the **Court**) on the petition of Frasers Group Plc (**Frasers**). On that same date, Mr Joseph Sullivan was appointed Official Receiver (**OR**) and liquidator of the Company.
- 1.2 Subsequently, under s139 of the Insolvency Act 1986 (the **Act**), the OR convened a decision procedure of the Company's creditors and contributories seeking nominations for the purpose of choosing a liquidator other than the OR. The decision procedures took place on 27 January 2022 and the Company's creditors resolved that Alastair Beveridge and Clare Kennedy of AlixPartners UK LLP (**AlixPartners**) be appointed as joint liquidators (the **Liquidators**) of the Company.
- 1.3 In accordance with UK insolvency legislation, a liquidator is required to provide a progress report covering the period of 12 months commencing on the date of appointment, and every subsequent period of 12 months. This report covers the period 27 January 2022 to 26 January 2023 (the **Period**).
- 1.4 This report has been prepared in accordance with rule 18.8 of the Insolvency (England and Wales) Rules 2016 (the **Rules**).
- 1.5 The purpose of this report is to provide statutory and financial information about the Company, an update on the progress of the liquidation of the Company (the **Liquidation**) during the Period, details regarding the Liquidators' fees and the expected outcome for each class of creditor.
- 1.6 Details of the Liquidators' fees and expenses incurred are provided at Appendices C to E.
- 1.7 More information relating to the Liquidation, Liquidators' fees and creditors' rights can be found on AlixPartners' creditor portal (<https://www.alixpartnersinfoportal.com>).
- 1.8 If you require a paper copy of this report or have any queries in relation to its contents, or the Liquidation generally, please contact Paul Butterfield on 0161 838 4500 or by email at creditorreports@alixpartners.com.

2. Summary of information for creditors

Estimated dividends for creditors

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor	Nil	Nil
Unsecured creditors:		
Revolving Credit Facility (RCF)	323,569,681	Nil
5.25% Unsecured Notes due 2021 (the Notes)	202,473,972	Nil
Intercompany creditors	636,514,939	Nil
Other unsecured creditors	110,504,891	Nil

- 2.1 The estimated debts have been taken from the directors' Statement of Affairs (**SofA**) prepared during the preceding administration of the Company (the **Administration**).

Secured creditor

- 2.2 GLAS Trust Corporation Limited acted as security agent on behalf of the Company's secured lenders. On 11 February 2019, the Company entered into the Bridge Facility Agreement (**BFA**) which provided a £40.0 million secured loan to fund the short term working capital requirements of the Debenhams group. The Company subsequently entered into the New Money Facilities Agreement (**NMFA**) on 29 March 2019 which refinanced the BFA and provided an initial secured loan of £101.3 million.
- 2.3 The Company entered into administration on 9 April 2019. As at that date, the Company's secured debt was comprised of the funds drawn under the NMFA, which totalled £101.8 million including interest and charges.
- 2.4 On the same date, a sale of the Company's business and assets was completed to Celine UK Newco 1 Limited in a pre-packaged sale. The consideration paid by the purchaser of the Company's assets under the pre-packaged sale was £101.8 million and this was applied as a discharge of the debt owed under the NMFA. As a result, it is the Liquidators' understanding that there are no remaining secured creditors of the Company.

Preferential creditors

- 2.5 The Company did not have any employees and there are no known preferential creditors.

Unsecured creditors

- 2.6 The SofA details unsecured creditors totalling approximately £1.3 billion, which includes £323.6 million in respect of the RCF and £202.5 million in respect of the Notes.

- 2.7 Where there is a floating charge which was created on or after 15 September 2003, the Liquidators are required to create a fund from the Company's net property for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 2.8 Whilst the Company granted a floating charge on 29 March 2019, as the secured creditor's debt was fully discharged in the Administration, the Unsecured Creditors' Fund provisions do not apply in the Liquidation. Instead, any surplus estate funds after accounting for Liquidation costs would become available to the Company's unsecured creditors. However, as there are no available assets in the estate, no funds will become available for distribution. Additionally, there were insufficient realisations in the Administration to enable a dividend to be paid to the unsecured creditors.

3. Progress of the Liquidation

- 3.1 Attached at Appendix B are the Liquidators' Receipts and Payments Accounts for the Period. These accounts are prepared on a cash basis, therefore details of expenses incurred but not yet paid are excluded from the accounts and are summarised at Appendix D.
- 3.2 In addition to their primary role of realising any available assets of the Company and distributing them to creditors in accordance with their statutory priorities, the Liquidators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Liquidators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds. The detail provided is intended to give users of this report with information to allow them to understand how the Liquidators' fees and expenses as set out in Appendices C and D have been incurred.

Background to the Liquidation

- 3.3 The Company entered into Administration on 9 April 2019 and a pre-packaged sale of substantially all of the Company's assets was completed on that same date. As part of their statutory duties, the administrators conducted an investigation into the Company's affairs and communicated in their final progress report dated 17 March 2020 that they did not consider there were any recovery actions to pursue in relation to the Company.
- 3.4 The Administration concluded on 27 March 2020 following the registration of a notice of move from Administration to dissolution with the Registrar of Companies (the **Registrar**). At the conclusion of the Administration, Frasers challenged the proposed dissolution and petitioned for the winding up of the Company. On 25 January 2021 the court ordered the winding up of the Company and the appointment of Mr Sullivan as OR and liquidator. The Liquidators were subsequently appointed on 27 January 2022 at the conclusion of the decision procedures of creditors and contributories convened by the OR.

Liquidation funding

- 3.5 There are no assets in the Company's estate other than those which may be identified during the course of the Liquidators' statutory investigation into the circumstances of the Company's failure. In the absence of any immediately available assets and in order to discharge Liquidation costs, the Liquidators entered into a funding agreement with certain of the Company's financial creditors on 28 January 2022 (the **Funding Agreement**). Details on the terms of the Funding Agreement and the funds provided to date are provided at Appendix C.

Appointment challenge

- 3.6 On 3 February 2022, Frasers made an application to the Court against Lucid Trustee Services Limited, Department Stores Realisations Limited (formerly Debenhams Retail Limited) (in administration), Department Stores Realisations (Properties) Limited (formerly Debenhams Properties Limited) (in administration) and the Liquidators (the **Application**).

- 3.7 The Application challenged the Liquidators' appointment on the grounds of appearance of bias and sought, among other things, (i) the appointment of alternative liquidators in place of or in addition to the Liquidators and/or (ii) a stay of the Liquidation and/or the actions of the Liquidators pending a decision by the Court on the Application (the **Interim Relief**).
- 3.8 An initial hearing was held on 10 March 2022 whereby the Court rejected Frasers' application for Interim Relief. At a subsequent hearing on 4 July 2022, the court again refused Frasers' request for Interim Relief and adjourned the Application, with a Case Management Conference (**CMC**) scheduled for 7 February 2023 to determine any further directions for the conduct of the Application.
- 3.9 Prior to the CMC, the parties agreed to adjourn the Application until judgment was handed down in a separate hearing, which the Liquidators were not a party to but included some of the other parties to the Application. This was due to take place in May 2023.
- 3.10 However, the Court has now ordered and directed and the parties have consented by agreement to dismiss the Application. Accordingly, Alastair Beveridge and Clare Kennedy will continue in their role as Liquidators and Frasers has undertaken to the Court not to seek the appointment of a replacement liquidator for the Liquidators, the appointment of an additional liquidator of the Company or the removal of the Liquidators again in the future.

Investigation into the Company's affairs

- 3.11 The Liquidators have a statutory duty to conduct investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by Statement of Insolvency Practice 2 (**SIP2**) – Investigations by Office Holders in Administrations and Insolvent Liquidations. In addition, the Liquidators became aware of concerns of certain of the Company's creditors and/or contributories as to the conduct of other parties via documentation filed in relation to the Application.
- 3.12 In the first instance a data gathering exercise was undertaken with stakeholders including the former administrators and several of the Company's former legal and financial advisors. This included data pertaining to the various concerns raised within the Application documentation. In addition, as part of the initial appointment notification to creditors, the Liquidators invited any concerned parties to submit details and evidence of any matters they felt should be brought to the attention of the Liquidators.
- 3.13 In conjunction with their legal advisor, Ashurst LLP, the Liquidators are completing an assessment of the issues pertaining to the Company's failure in order to determine whether there were any actionable matters which may result in recoveries into the Liquidation estate. The Liquidators' work remains ongoing and any relevant update will be included in the next report to creditors.

Case administration (including statutory reporting)

- 3.14 In addition to their duties relating to realising and distributing the assets of the Company, the Liquidators must comply with certain statutory compliance matters in accordance with the Act. These include notifying the stakeholders of the appointment and preparing annual reports to creditors advising of the progress of the Liquidation. The Liquidators are also responsible for liaising with HM Revenue & Customs to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Liquidation.
- 3.15 In order to ensure the matters of the Liquidation are being progressed sufficiently, the Liquidators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Liquidators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 3.16 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors are higher than anticipated, it will generally be because the duration of the case has been longer than expected, due to, for example, protracted realisation of assets, meaning additional periodic reports have had to be prepared and distributed to stakeholders.

Creditors (claims and distribution)

- 3.17 Details of the estimated outcome for creditors can be found in section 2.

Outstanding matters

- 3.18 As detailed above, the investigations workstream is ongoing and is the only remaining aspect of the Liquidation. In the event that the conclusion of this workstream is that no further action is required, the Liquidators anticipate that they will be in a position to attend to the procedural steps to close the Liquidation in relatively short order.

4. What happens next

Creditors' rights

- 4.1 Within 21 days of the receipt of this report, a secured creditor (should any remain), or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Liquidators provide further information about their fees or expenses which have been itemised in this progress report.
- 4.2 A secured creditor, or an unsecured creditor (with the concurrence of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Liquidators' fees is inappropriate, or that the fees or the expenses incurred by the Liquidators as set out in this progress report are excessive.

Next report

- 4.3 The Liquidators are required to provide a progress report within two months of the end of the next year of the Liquidation. If the Liquidation has been completed before then, a final account will be circulated to creditors.

Yours faithfully



Alastair Beveridge
Liquidator

Encs

Appendix A. Statutory information

Company information

Company name	Debenhams Plc
Registered number	05448421
Registered office	Ship Canal House, 8th Floor, 98 King Street, Manchester, M2 4WU
Former registered office	c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Liquidators' information

Name	Address	IP number	Name of authorising body
Alastair Paul Beveridge	AlixPartners, 6 New Street Square, London, EC4A 3BF	8991	Insolvency Practitioners Association
Clare Laura Kennedy	AlixPartners, 6 New Street Square, London, EC4A 3BF	20590	Insolvency Practitioners Association

Other relevant information

As confirmed in the Liquidators' Certificate of Appointment issued on behalf of the Secretary of State, any act required or authorised to be done by the Liquidators may be done by either one or both of them. Any reference to the Liquidators should be read as the Joint Liquidators.

Appendix B. Receipts and Payments Accounts for the period 27 January 2022 to 26 January 2023

Debenhams client account

Statement of Affairs £	£
Receipts	
- Liquidation Costs funding	300,000
- Litigation Costs funding	713,231
- Bank interest	2,187
	1,015,418
Payments	
Liquidators' fees:	
General	167,279
Litigation	155,158
Legal fees:	
General	95,811
Litigation	438,735
Legal expenses	859
Stationery and postage	2,887
Statutory advertising	104
Bank charges	25
	(860,858)
Total balance	154,560
Represented by	
Interest bearing client account	87,323
VAT receivable	67,237
	154,560

Notes:

The above is subject to small rounding differences.

In accordance with Regulation 6(5) of the Insolvency Regulations 1994, as the Liquidation funding was provided for a specific purpose under the Funding Agreement dated 28 January 2022 and is not an asset of the estate, it is being held in an account which is separate to the Insolvency Services Account.

Statement of Insolvency Practice 7 states the headings used in the Receipts and Payments Account should follow those used in any prior SofA or estimated outcome statement. The SofA was provided by the directors at the commencement of the preceding Administration and provided estimated to realise values for the Company's assets which were subsequently realised under the pre-packaged sale. As the above receipts relate to funds received by the Liquidators to meet the costs of the Liquidation pursuant to the Funding Agreement, no comparisons to the SofA by category can be made.

Insolvency Services Account

	£
Receipts	
Petitioner's deposit	1,600
	1,600
Payments	
Official Receiver's general fee	6,000
Official Receiver's administration fee	5,000
Insolvency Services Account fees	88
	(11,088)
Total balance	(9,488)
Represented by	
Insolvency Services Account	(9,488)
	(9,488)

Notes:

Pursuant to the Insolvency Regulations 1994, the OR and insolvency practitioners are required to pay into the Insolvency Services Account (**ISA**) the estate monies received by them in the course of their administration of all bankruptcies and compulsory liquidations.

The above reflects the position of the ISA as at the end of the Period. With the exception of ISA fees which are applied on a quarterly basis, all transactions were incurred during the OR's appointment and prior to the Liquidators' appointment.

Appendix C. Liquidators' fees

A copy of the R3 creditors' guide on Insolvency Practitioners' fees in Liquidations can be downloaded from AlixPartners' creditor portal

(<https://www.alixpartnersinfoportal.com>). If you would prefer this to be sent to you in hard copy, please contact the Liquidators and they will forward a copy to you.

As detailed in section 3, the Liquidators entered into the Funding Agreement on 28 January 2022. Under the terms of the Funding Agreement, an initial £300,000 was provided to meet general Liquidation costs, which includes the costs in attending to the Liquidators' duties, the completion of their statutory investigation into the Company's affairs and the associated legal fees and expenses. The Funding Agreement also provides funds to meet the costs associated with the Application and a total of £713,231 has been provided to date.

It should be noted that the funds provided under the Funding Agreement do not form part of the Liquidation estate. As the Liquidators' fees are being met entirely under the Funding Agreement, the Liquidators were not required to seek a resolution of the Company's creditors as to the basis of their fees or provide an estimate of their fees and expenses.

Liquidators' fees totalling £322,437 have been drawn to date under the Funding Agreement. The Liquidators' future time costs incurred through to the completion of the Liquidation will also be met under the Funding Agreement.

Liquidators' details of time spent to date

The Liquidators' time costs for the Period total £422,582. This represents 783 hours at an average rate of £540 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity.

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £
Administration (including statutory reporting)	218.0	416	90,749
Investigations	310.3	557	172,920
Litigation	254.2	625	158,913
Total	782.5	540	422,582

Principal areas of activity during the Period are discussed in further detail below.

- Administration and planning – time has been incurred implementing and monitoring the case strategy, complying with statutory duties and performing general administrative work. Compliance with the Liquidators' project acceptance and risk management frameworks together with reviewing 'Know Your Customer' requirements is recorded here, as is the time spent attending to periodic duties such as the completion of case reviews and checklists. Treasury function time incurred in posting bank statements to IPS and cash accounting, including the raising of payments, posting of receipts, the preparation of journals and statutory returns is also recorded under this category. Finally, time has been incurred in preparing this statutory report and dealing with general correspondence from Company stakeholders.

- Investigations – as detailed in section 3, time has been incurred in completing the Liquidators' statutory investigations into the Company's affairs as prescribed by SIP2, as well as the specific concerns raised by certain Company stakeholders. The Liquidators have also incurred time maintaining a close liaison with Ashurst to ensure the investigative work progressed sufficiently and its scope remained focused on any potential recovery actions.
- Litigation – as detailed in section 3, time has been incurred in dealing with the Application. The Liquidators have dealt with a considerable volume of legal letters and queries, prepared various documents and witness statements for court and liaised closely with Ashurst throughout the process.

Should any matters arise, such as additional investigatory matters, further time will be incurred in that regard. Similarly if the Liquidators encounter any protracted matters, further time will be incurred in finalising the Liquidation. If applicable, the Liquidators will advise creditors in future communications.

Appendix D. Expenses of the Liquidation

In accordance with Statement of Insolvency Practice 9, expenses are any payments from the Liquidation estate which are neither a liquidator's fees nor a distribution to a creditor or member. Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

Category 1 expenses are payments to persons providing a service who are not an associate of a liquidator. Category 1 expenses may include external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel, external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Liquidators and their staff.

Category 1 expenses incurred by third parties

An analysis of the costs paid to third parties to date together with those incurred but not paid as at the end of the Period is provided below.

	Paid in the Period £	Incurred but not paid £	Total cost to date £
Legal fees	534,546	31,338	565,884
Legal expenses	859	Nil	859
Total	535,405	31,338	566,743

Category 1 expenses incurred by the Liquidators

An analysis of the incidental expenses incurred by the Liquidators to date is provided below.

	Total cost £
Statutory advertising	104
Stationery and postage	2,887
Total	2,991

Category 2 expenses

Category 2 expenses are payments to the associates of a liquidator (or which have an element of shared cost) and in this case would consist of business mileage for staff travel charged at the rate of 45 pence per mile. Any such expenses are payable under the Funding Agreement, however none have been incurred to date.

Appendix E. Additional information in relation to the Liquidators' fees pursuant to Statement of Insolvency Practice 9

Policy

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors; and
- professional advisors.

Staff allocation and the use of sub-contractors

The Liquidators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of one or more members of staff at each of the grades detailed in the charge-out rate schedule overleaf. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case.

With regard to support staff, time spent by cashiers in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Liquidators have not utilised the services of any sub-contractors in this case.

Professional advisors

On this assignment the Liquidators have used the professional advisor listed below. The Liquidators have also indicated the basis of their fee arrangement with the advisor, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Ashurst LLP (legal advice)	Hourly rates and expenses

The Liquidators' choice was based on their perception of the professional advisor's experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with the advisor.

Charge-out rates

A schedule of AlixPartners' hourly charge-out rates for this assignment effective from 1 January 2023 is detailed below, together with the rates charged prior to that date. Time is charged by the Liquidators and case staff in units of six minutes.

Description	Rates from 1 January 2023 £	Rates pre 1 January 2023 £
Partner and Managing Director	920-1,135	835-1,080
Partner	875	N/A
Director	740-830	705-770
Senior Vice President	535-670	510-620
Vice President	415-515	380-485
Consultant	145-390	130-350
Treasury and support	205-405	190-375