

**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

05859320

Name of Company

Lion/Silk Investments 2 Limited

I / We

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

Richard Dixon Fleming
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 03/04/2012 to 02/04/2013

Signed



Date

03/06/2013

KPMG LLP
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Ref LC319A5735/REH/RMN

WEDNESDAY



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05/06/2013

#183

COMPANIES HOUSE

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

Name of Company Lion/Silk Investments 2 Limited

Company Registered Number 05859320

State whether members' or creditors' voluntary winding up Creditors

Date of commencement of winding up 03 April 2012

Date to which this statement is brought down 02 April 2013

Name and Address of Liquidator

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

Richard Dixon Fleming
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	0 00
06/09/2012	ATC Group	Inter-company debtors	23,318.91
06/09/2012	Lion Silk Funding	Inter-company debtors	3,867 66
20/03/2013	La Senza Ltd	Group Tax Relief	34,002.00
Carried Forward			61,188 57

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

Disbursements			
Date	To whom paid	Nature of disbursements	Amount
06/09/2012	Reverse	Brought Forward	0.00
		Inter-company debtors	3,867.66
Carried Forward			3,867.66

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

£		61,188 57
		3,867.66
Balance £		57,320 91
		0.00
		57,320 91
		0 00
£	0.00	
	0 00	
		0 00
		0.00
		57,320 91

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)		0 00
Liabilities - Fixed charge creditors		0 00
Floating charge holders		0 00
Preferential creditors		0.00
Unsecured creditors		122,685,375.00
- (2) The total amount of the capital paid up at the date of the commencement of the winding up -

Paid up in cash		0.00
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)

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

Distribution to secured and unsecured creditors
- (5) The period within which the winding up is expected to be completed

4 months



Lion/Silk Investments 2 Limited
(in creditors' voluntary
liquidation)

First progress report
for the period from 3 April 2012 to
2 April 2013

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

KPMG LLP
9 May 2013

RAC/REH/RMN/1F



Notice: About this report

This progress report has been prepared by Robert Andrew Croxen and Richard Dixon Fleming, the Joint 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 who 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.

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

Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

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.



Contents

Glossary

1	Introduction	4
2	Progress of the liquidation	4
3	Liabilities	5
4	Other matters	5
5	Future strategy	6

Appendices

1	Company information	
2	Liquidators' receipts and payments account for the period 3 April 2012 to 2 April 2013	
3	Analysis of Liquidators' time costs for the period 3 April 2012 to 2 April 2013 and schedule of hourly charge out rates	
4	Schedule of expenses	



Glossary

Company	Lion/Silk Investments 2 Limited
Directors	James Cocker Robert Darwent Mary Ellen Minnick
KPMG	KPMG LLP
Liquidators	Robert Andrew Croxen and Richard Dixon Fleming
LSL	La Senza Limited (in liquidation)
LSL Group	La Senza Limited, La Senza Europe Limited, Contessa (Ladieswear) Limited and Xunely Limited (all in creditors' voluntary liquidation)
Secured Lenders	Lion Silk Funding 2 S A R L and Lion/Silk Funding Facility Limited (in members voluntary 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

This is the Liquidators' first annual progress report and it covers the period 3 April 2012 to 2 April 2013

The Liquidators' receipts and payments account for the period is attached as Appendix 2. A schedule of expenses incurred by the Liquidators during this reporting period is attached at Appendix 4. All figures in this report are net of VAT unless otherwise stated.

Company information as required under Rule 4.49(C) is attached at Appendix 1.

2 Progress of the liquidation

2.1 Asset realisations

1.1.1 Book debts

In their statement of affairs, the Directors estimated that a debt of £30,815 was due from Lion Silk Funding Lux 2 SARL. A payment of £23,319 was received from ATC Group in settlement of this debt.

1.1.2 Group tax relief

The Liquidators sold the benefit of the Company's pre-appointment corporation tax losses to LSL for £34,002.

2.2 Costs of realisations

Payments made in this period are set out in the attached receipts and payments account (see Appendix 2).

The schedule of expenses attached as Appendix 4 details the costs incurred, paid or unpaid, specifically relating to this reporting period.

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 the Liquidators' remuneration and expenses are 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 the remuneration or the expenses incurred by the liquidator. Any such application must be made no later than eight weeks after receipt of the first person which reports the charging of the remuneration or the incurring expenses in question.



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 Professionals' publication "A creditors' guide to Liquidators fees," a copy of which can be found at http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP_9_EWNov2011.pdf. However, if you are unable to access this guide and would like a copy please contact Kelly Haines on 0118 373 1401.

The basis of the Liquidators' remuneration was fixed on the basis of time properly spent by the Liquidators and their staff in dealing with this matter at the meeting of creditors held on 3 April 2013. An analysis of the Liquidators' time costs is attached, together with a schedule of the Liquidators' hourly charge out rates (see Appendix 3). This shows that the Liquidators have incurred time costs of £28,311 representing 103 hours at an average hourly rate of £275. The above includes tax, VAT and pensions advice from KPMG's in house specialists. No remuneration has been drawn to date.

2.2.2 Meeting of creditors and statement of affairs

At the creditors' meeting held on 3 April 2012, the creditors approved KPMG's time costs of £2,328 and £12,055 for work undertaken in assisting the Directors with the preparation of the statement of affairs and convening a meeting of creditors in accordance with Section 98, respectively. These costs have not yet been paid.

3 Liabilities

3.1 Secured creditors

We estimate that net floating charge realisations, after costs, available to creditors will be in the region of £12,000.

The Secured Lenders for the LSL Group provided senior debt facilities to the Company, and held fixed and floating charge security over the assets of the Company, which was also cross guaranteed by the companies in the LSL Group.

The Secured Lenders' claims totalled £9.1 million and were settled in full by companies in the LSL Group as guarantors. This will result in the LSL Group having a subrogated secured claim against the Company. Based on current estimates a distribution of approximately £7,000 will be made to the LSL Group in this respect.

3.2 Unsecured creditors

In their statement of affairs, the Directors estimated unsecured creditors to be £123 million, the majority of which are related companies.

In accordance with Rule 11.2, the Liquidators have issued a notice of intended dividend to all known creditors and intend to make a first and final dividend payment to the unsecured creditors of the Company, within 2 months from 8 May 2013.

Based on current information available, there will be funds of approximately £5,000 available to distribute to unsecured creditors.

4 Other matters

4.1 Investigations

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

The Liquidators also have a duty to investigate the conduct of directors, and submit a return 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. The Liquidators have complied with this obligation. The contents of the report are confidential and cannot be disclosed.

4.2 Taxation

KPMG Tax specialists were instructed to prepare necessary returns in order to finalise the Company's tax position. Subsequently HM Revenue & Customs have confirmed that they have no objection to the liquidation being closed in due course.

5 Future strategy

5.1 Ongoing matters

In summary, the following matters need to be completed prior to closing the liquidation:

- settling KPMG LLP's costs relating to the meeting of creditors and statement of affairs,
- finalising and paying costs of the liquidation, including the Liquidators' remuneration,
- finalising agreement of claims and payment of dividends to secured and unsecured creditors, and
- dealing with ongoing statutory 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.



Lion/Silk Investments 2 Limited (in creditors' voluntary liquidation)
First progress report
KPMG LLP
9 May 2013

5.2 Future reporting

The Liquidators will report again on the progress of the liquidation within two months of 3 April 2014 or prior to its conclusion, if earlier

A handwritten signature in black ink, appearing to be 'Robert Andrew Croxen'.

Robert Andrew Croxen
Joint Liquidator



Appendix 1

Company information

Name	Lion/Silk Investments 2 Limited
Registered company number	05859320
Previous registered office	Unit 5 Swallowfeild Way, Hayes, Middlesex UB3 1DQ
Present registered office	c/o KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD
Liquidators	Robert Andrew Croxen and Richard Dixon Fleming
Liquidators' address	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD
Date of appointment	3 April 2013
Appointed by	Members and creditors



Lion/Silk Investments 2 Limited (in creditors' voluntary liquidation)
First progress report
KPMG LLP
9 May 2013

Appendix 2

**Liquidators' receipts and payments account for the period 3 April
2012 to 2 April 2013**

Lion/Silk Investments 2 Limited
(In Liquidation)
Liquidators' Abstract of Receipts & Payments

Statement of Affairs	From 03/04/2012 To 02/04/2013	From 03/04/2012 To 02/04/2013
ASSET REALISATIONS		
Inter-company debtors	23,318 91	23,318 91
Group Tax Relief	34,002 00	34,002 00
	<u>57,320 91</u>	<u>57,320 91</u>
UNSECURED CREDITORS		
(69,861 00) Trade & expense	NIL	NIL
(120,412,177 00) Inter-company creditors	NIL	NIL
(4,000 00) Audit fees accrual	NIL	NIL
(2,199,337 00) Other accruals & deferred income	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(122,685,375.00)</u>	<u>57,320.91</u>	<u>57,320.91</u>
REPRESENTED BY		
Current account		57,320 91
		<u>57,320.91</u>

Note

Robert Andrew Croxen
Liquidator

Appendix 3

Analysis of Liquidators' time costs for the period from 3 April 2012 to 2 April 2013 and schedule of hourly charge out rates

	3 April 2012 to 30 September 2012	1 October 2012 to date
Partner/director	£460-£535	£485-£565
Management	£345-£425	£365-£450
Case administrators	£175-£240	£185-£250
Support	£110	£115

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 to 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.

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

Category 2 disbursements that KPMG Restructuring currently charges includes mileage, this is calculated as follows:

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p 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 passengers an additional 5p per mile per passenger will also be charged where appropriate.



Lion/Silk Investments 2 Limited

Liquidators' time costs from 3 April 2012 to 2 April 2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			3 10	1 40	4 50	£718 50	£159 67
Reconciliations (& IPS accounting reviews)			1 30		1 30	£251 50	£193 46
General							
Books and records			0 40		0 40	£70 00	£175 00
Fees and WIP			0 55		0 55	£132 00	£240 00
Statutory and compliance							
Appointment and related formalities	1 00	1 20	9 25		11 45	£3,165 75	£276 48
Bonding and bordereau		0 10	0 70	0 60	1 40	£276 00	£197 14
Checklist & reviews		3 40	5 75		9 15	£2,569 50	£280 82
Closure and related formalities			0 80		0 80	£148 00	£185 00
Pre-appointment checks			1 55		1 55	£77 50	£50 00
Strategy documents		4 50			4 50	£1,592 50	£353 89
Tax							
Initial reviews - CT and VAT		2 20	0 60		2 80	£905 00	£323 21
Post appointment corporation tax		23 80	12 25		36 05	£10,532 50	£292 16
Post appointment VAT		1 10	1 90		3 00	£918 50	£306 17
Creditors							
Creditors and claims							
General correspondence		1 20			1 20	£414 00	£345 00
Pre-appointment VAT / PAYE / CT	0 25		0 80		1 05	£330 75	£315 00
Statutory reports	0 50				0 50	£282 50	£565 00
Investigation							
Directors							
Correspondence with directors			0 50		0 50	£120 00	£240 00
D form drafting and submission		2 10	11 90		14 00	£3,177 50	£226 96
Directors' questionnaire / checklist		0 20	1 25		1 45	£287 75	£198 45
Statement of affairs		1 00			1 00	£345 00	£345 00
Realisation of assets							
Asset Realisation							
Cash and investments		1 00	0 10		1 10	£369 00	£335 45
Debtors		4 10	0 40		4 50	£1,552 50	£345 00
Pre-appointment tax & VAT refunds			0 30		0 30	£75 00	£250 00
Total in period					103 05	£28,311 25	£274 73

Category 1 disbursements

	£
Liquidators' insurance bond	80 00
Statutory Advertising	91 80
	<u>171 80</u>

The staff who have worked on this assignment, 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 functions is not charged directly to the assignment but is reflected in the general level of chargeout rates.

Appendix 4

Schedule of expenses for the period 3 April 2012 to 2 April 2013

	Paid £	Accrued £	Total for period £
Costs of realisation			
Liquidators' time costs	-	28,311	28,311
Liquidators' disbursements	-	172	172
Total	-	28,483	28,483

Notes

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

Any additional information regarding the Liquidators' remuneration and/or other expenses charged for the period is available from the Liquidators 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 the creditors' 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.