

## Made.com Group plc – in Members’ Voluntary Liquidation

### Progress report to Members pursuant to Section 92A of The Insolvency Act 1986 and Rule 18.7 of The Insolvency (England and Wales) Rules 2016 for the Period from 16 January 2023 to 15 January 2024

**Issued On: 12 March 2024**

#### Introduction

Made.com Group plc (Entity) entered members’ voluntary liquidation on 16 January 2023. Steven Sherry and Emma Cray were appointed joint liquidators of the Entity (Liquidators).

This report covers the conduct and progress of the liquidation in the period from 16 January 2023 to 15 January 2024 (Period). A summary of receipts and payments for this Period is at Appendix A.

The statutory information relating to the Entity and the Liquidators is at Appendix B.

#### Report on the liquidation

##### *Realisation of assets*

The table set out below shows the assets listed on the Directors’ Declaration of Solvency as at 9 January 2023, together with a summary of the assets dealt with by the Liquidators in the Period.

<b>Asset</b>	<b>Declaration of Solvency Estimated to realise</b>	<b>Liquidation assets dealt with in the Period</b>
Investment in subsidiary	-	-
Intercompany receivable	-	-
Cash at bank	£6,096,204	£6,104,222
VAT refund	£21,554	£21,554
<b>Total</b>	<b>£6,117,758</b>	<b>£6,125,776</b>

*Cash at bank:* Following the appointment of the Liquidators we transferred cash of £6,104,222 into an account in the name of the Entity and operated by the Liquidators. This was £8k higher than the balance stated on the Declaration of Solvency as a result of net cash receipts in the period between 9 January 2023 and the commencement of the liquidation on 16 January 2023.

*VAT refund:* A refund of £21,554 was received from HM Revenue & Customs (HMRC) in respect of input VAT recovered on invoices paid by the Entity in the period from 8 November 2022 (when the Entity was deregistered from VAT) and the commencement of the liquidation on 16 January 2023.

*Intercompany receivable:* An intercompany receivable with a gross principal value of £90,746,388 was due from Made.com Design Limited (“MDL”) in administration. On the basis that MDL had entered Administration on 8 November 2022 it was estimated on the Declaration of Solvency that there was no value associated with this receivable.

- On 29 November 2023, the Administrators of MDL issued their second Progress Report which stated that unsecured creditors may receive an estimated dividend of up to 1.6%. The estimate is dependent upon overall realisations and the final level of unsecured claims received. As a result, the liquidation of the Entity will remain open pending receipt of the anticipated unsecured dividend from MDL.

*Investment in subsidiary:* As noted above MDL is in administration and there is no expected return as a result of the shares held in MDL.

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#### *Settlement of liabilities*

In the Period, the Liquidators published a notice in the London Gazette inviting creditors to submit details of claims they may have against the Entity. The Liquidators also wrote to certain parties identified as having actual or contingent claims against the Entity, requesting their proofs of debt.

*Trade Creditors:* The Directors' Declaration of Solvency indicated that the Entity had trade creditors totalling £140,000. This related to an outstanding invoice from a trade creditor which had been disputed, however, for the purpose of the Declaration of Solvency, the contingent claim was estimated at £140,000.

- In the period between the Directors signing the Declaration of Solvency and the commencement of the liquidation, the trade creditor agreed to settle the claim for £87,000 and the Liquidators subsequently paid the creditor £87,000 (being net £72,500 plus VAT of £14,500), together with statutory interest in the sum of £400.44.
- The Liquidators received two claims from creditors in the total sum of £2,790. Both claims were accepted in the liquidation and paid in the Period, together with statutory interest in the total sum of £45.70.
- The Liquidators also received notice of a Default Judgement in the sum of £1,946.34, in respect of which both the Entity and MDL were named defendants. It is believed that this is a claim against MDL and as a result the MDL Administrators are adjudicating this claim in the first instance.
- The Liquidators are not aware of any other trade creditor claims against the Entity.

*Accruals:* The Directors' Declaration of Solvency indicated that the Entity had accruals totalling £133,761 in respect of professional services provided to prepare the Entity for liquidation. The following payments have been made in settlement of fees incurred for professional services rendered pre-liquidation in connection with preparations for the Entity's liquidation:

<b>Party</b>	<b>Service Provided</b>	<b>Amount paid £</b>
PricewaterhouseCoopers LLP	Pre-liquidation review and advice	45,874.00
Herbert Smith Freehills LLP	Legal Advice	70,000.00
Equiniti Ltd	Registrar services	4,725.00
Team365	Printing/posting services	2,136.30
<b>Total</b>		<b>122,735.30</b>

*Contingent creditor:* Prior to liquidation, the Entity had agreed to fund the solvent winding up of an indirect subsidiary incorporated in China.

- In the Period, Herbert Smith Freehills LLP were paid £50,000 fees plus expenses of £3,381.60 plus VAT for advice relating to the Chinese subsidiary, which was provided to the Entity in the period from 21 November 2021 to 1 February 2023.
- The tax and commercial deregistration of the Chinese subsidiary was completed in the Period. The banking deregistration remains in progress. The Liquidators are not aware of any further funding requirements in respect of the subsidiary's dissolution.

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*Director’s fees:* Immediately following the commencement of the liquidation, all but one of the Entity’s Directors resigned from their positions. The Liquidators paid the remaining Director £12,000 for their continued assistance in relation to matters which may arise during the course of the liquidation.

*Employee Claims:* In the Period, the Liquidators received notice of an Employment Tribunal claim incorrectly issued against “Made.com”. All claimants were employees / former employees of MDL and not of the Entity. On that basis, the Administrators of MDL requested that the Tribunal strike the Entity out of the proceedings, confirming that MDL would be the sole respondent to the claim(s).

#### ***Other matters***

Following the commencement of the liquidation, the Entity was delisted, and trading was cancelled from the London Stock Exchange with effect from 18 January 2023.

In March 2023 the Financial Reporting Council (“FRC”) published an announcement of its decision to investigate the audits of the consolidated financial statements of the Entity for the year ended 31 December 2021 and requested certain consents from the Liquidators on behalf of the Entity which have been provided.

#### ***HMRC***

In the Period, the Liquidators wrote to HMRC to inform them of the liquidation and to request details of any outstanding liabilities.

In the Period, the Liquidators engaged RSM UK Group LLP (“RSM”) to prepare the Entity’s final pre-liquidation tax computation and return for the period from 1 January 2023 to 15 January 2023. RSM had previously been engaged by the Entity to prepare a corporation tax return and computation for the year to 31 December 2022. Both returns were submitted to HMRC in the Period, confirming nil corporation tax liability owed for the relevant periods. RSM was paid £5,500 plus VAT for preparing both sets of tax computations and returns.

In the Period, the Liquidators submitted a Senior Accounting Officer (“SAO”) certificate to HMRC in respect of the financial years ended 31 December 2021 and 2022. In doing so, the Liquidators advised HMRC that as the Entity did not meet the criteria of a ‘qualifying company’ for the financial year ended 31 December 2023, no further SAO certificates would be filed.

In the Period, the Liquidators received a claim for £14,475.50 from HMRC, in respect of PAYE due in the periods from 5 December 2022 to 5 January 2023, together with interest due on amounts owed in the periods from 6 August 2022 to 5 October 2022. The Liquidators are currently investigating the validity of this claim.

#### **Distributions to Members**

No distributions were made in the Period.

#### **Liquidators’ fees and expenses**

##### **Basis of remuneration**

The basis of the Liquidators’ remuneration has been fixed by reference to the time properly given by them and their staff in dealing with the liquidation, in accordance with a resolution dated 16 January 2023.

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Time costs have been calculated at the prevailing standard hourly charge-out rates used by PricewaterhouseCoopers LLP at the time when the work was performed, plus VAT.

#### Liquidators’ fees

The Liquidators' time costs incurred the Period totalled £55,103, made up of 77.05 hours at an average charge out rate of £715.16 per hour across all grades of staff. The Liquidators have drawn remuneration of £51,498 plus VAT in the Period.

A detailed breakdown of the Liquidators' time costs during the Period, together with details of applicable charge-out rates, is provided at Appendix C.

#### Liquidators’ expenses<sup>1</sup>

In the Period, the Liquidators incurred the following expenses in connection with the liquidation of the Entity.

Category 1 expense	Incurred in the Period £	Paid in the Period £
Statutory bond	225.00	225.00
Land Registry search	11.00	11.00
London Stock Exchange	697.97	697.97
London Gazette	285.00	0.00
<b>Total</b>	<b>1,218.97</b>	<b>933.97</b>

There were no Category 2 expenses in the Period.

#### Members’ rights regarding the Liquidators’ remuneration and expenses

Any member of the Entity with permission of the court or members of the Entity with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the entity (or permission of the court) are entitled to request further information about our fees and expenses. Such requests need to be made within 21 days of receipt of this report. See Rule 18.9 of the Insolvency (England and Wales) Rules 2016 for further detail.

Any member of the Entity with permission of the court or members of the Entity with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the entity (or permission of the court) are entitled to claim by way of court application that the liquidators’ fees and expenses are excessive. Such applications need to be made within 8 weeks of the receipt of this report. See Rule 18.34 of the Insolvency (England and Wales) Rules 2016 for further detail.

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<sup>1</sup> Category 1 expenses represent specific expenditure incurred directly in respect of the liquidation and payment has been to independent third parties. Category 2 expenses represent directly referable costs where payment is not to an independent third party.

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#### APPENDIX A

#### Abstract of Receipts and Payments in the liquidation during the period from 16 January 2023 to 15 January 2024

	From 16 January 2023 To 15 January 2024 £
<b>RECEIPTS</b>	
Cash at bank	6,104,221.72
VAT Refund	21,554.07
<b>Total</b>	<b>6,125,775.79</b>
<b>PAYMENTS</b>	
Trade creditors	75,290.00
Interest on creditor claims	446.14
Office Holders’ pre-appointment fees	45,874.00
Pre-appointment expenses	76,861.30
Legal fees and expenses	53,381.60
Director fees	12,000.00
Tax adviser fees	5,500.00
Office Holders’ fees	51,498.00
Office Holders’ expenses	933.97
<b>Total</b>	<b>321,785.01</b>
<b>TOTAL BALANCE</b>	<b>5,803,990.78</b>

#### Notes:

1. Cash funds were held in a non-interest bearing bank account controlled by the Entity. Since the passing of the liquidation anniversary, cash funds have been transferred to an interest bearing account.
2. The above Receipts and Payments account details cash receipts and payments only. Please see the assets, liabilities and distributions sections in the main body of the report for details on how the Liquidators dealt with the Entity’s non-cash assets and liabilities, where applicable.

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#### APPENDIX B

#### Information on the Entity and the Liquidators

##### Entity Details

Entity’s registered name:	Made.com Group plc
Entity’s registered number:	13346124
Postal address of principal place of business	PricewaterhouseCoopers LLP, One Chamberlain Square, Birmingham, B3 3AX

##### Liquidators’ Details

Liquidators’ names:	Steven Sherry and Emma Cray
Liquidators’ postal address:	7 More London Riverside, London, SE1 2RT
Liquidator’ email:	steven.a.sherry@pwc.com emma.cray@pwc.com
Nature of appointment:	Members’ voluntary liquidation

*Steven Sherry and Emma Cray have been appointed as Joint Liquidators of the Entity to manage its affairs, business and property as its agents and without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

*The Joint Liquidators are controllers of personal data as defined by the Data Protection Act 2018. PricewaterhouseCoopers LLP will act as processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Members’ Voluntary Liquidation.*

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#### APPENDIX C

#### Liquidators' remuneration during the period from 16 January 2023 to 15 January 2024

##### Time costs:

	Hours					Total	Total	Average
Classification of work	Partner	Director	Senior Manager	Manager	Associates	Hours	Cost	Hourly rate
Accounting & Treasury			5.6	7.4	14	27	16,312.50	604.17
Billing					0.4	0.4	216.00	540.00
Client Liaison	0.5		3.3			3.8	3,335.50	877.76
Creditors / Liabilities			6.2		0.4	6.6	5,538.00	839.00
Cash Management					6.85	6.85	3,546.50	517.74
Disputes and Litigation					1.15	1.15	235.60	204.87
Distributions			0.3			0.3	258.00	860.00
Employee claims			2.4			2.4	2,064.00	860.00
Insurance			0.1			0.1	86.00	860.00
Preparation for Liquidation			1.7			1.7	1,462.00	860.00
Pre-liquidation issues	0.5		0.4			0.9	841.50	935.00
Post Appointment			5.9		3.05	8.95	6,644.75	742.43
Statutory & Compliance	2.65		4		1	7.65	6,585.75	860.88
Stakeholders	0.3		0.6			0.9	814.50	905.00
Strategy		0.25	1.7			1.95	1,690.75	867.05
Tax			6.3		0.1	6.4	5,472.00	855.00
<b>Total</b>	<b>3.95</b>	<b>0.25</b>	<b>38.5</b>	<b>7.4</b>	<b>26.95</b>	<b>77.05</b>	<b>55,103.35</b>	<b>715.16</b>

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#### **Charge out rates:**

The standard hourly charge out rates applicable to the partners and staff in the Restructuring & Forensics department of PricewaterhouseCoopers LLP during the liquidation are noted below.

From 1 July 2022 to 30 June 2023

<b>Grade</b>	<b>£ / hr</b>
Partners	980
Director	915
Managers	730 to 860
Associates	515
Support	160

From 1 July 2023 to 30 June 2024

<b>Grade</b>	<b>£ / hr</b>
Partners	995
Director	915
Managers	730 to 860
Associates	540
Support	160

Appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work and the financial value of the assets being realised and/or claims agreed.

All time is charged in six-minute increments.