

# 2.24B

The Insolvency Act 1986

## Administrator's progress report

Name of Company

Bodycare Toiletries Limited

Company number

02188629

In the High Court of Justice  
Chancery Division  
Manchester District RegistryCourt case number  
3659 of 2008(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a)  
William Kenneth Dawson  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2ATIan Brown  
Deloitte LLP  
1 City Square  
Leeds  
LS1 2AL

administrators of the above company attach a progress report for the period

From

(b) 2 October 2008

To

(b) 1 April 2009

(b) Insert date

Signed

  
Joint Administrator

Dated

3 14/2009

### Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the

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M60 2ATDX Number DX: 14324 - Manchester 1  
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When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

TUESDAY



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COMPANIES HOUSE

## TO ALL KNOWN CREDITORS

Direct: 0161 455 6276  
Direct fax: 0161 829 3806  
[rohowsells@deloitte.co.uk](mailto:rohowsells@deloitte.co.uk)

3 April 2009

Our ref: RS/WKD/CSP/RAH/BODY01M

Dear Sirs

### **Bodycare Toiletries Limited - In Administration ("the Company")**

I refer to previous correspondence in this matter and enclose my progress report to creditors prepared pursuant to Rule 2.47 of the Insolvency Rules 1986.

If you require further information please contact Chris Pape on 0161 455 6261 or Rob Howells on 0161 455 6276.

Yours faithfully  
For and on behalf of the Company



W K Dawson  
Joint Administrator

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**BODYCARE TOILETRIES LIMITED  
(IN ADMINISTRATION)  
("the Company")**

**Court No. 3659 of 2008**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS  
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986**

**3 April 2009**

**This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.**

**The Administrators act as agents of the Company without personal liability**

**William Kenneth Dawson and Ian Brown  
Joint Administrators  
c/o Deloitte LLP  
2 Hardman Street  
Manchester  
M60 2AT**

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## **APPENDICES**

- 1. Statutory information**
- 2. Joint Administrators' receipts and payments account as at 1 April 2009**

## **ABBREVIATIONS**

For the purpose of this report the following abbreviations shall be used:

"The Act"	Insolvency Act 1986 (as amended)
"The Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	William Kenneth Dawson and Ian Brown
"the Company"	Bodycare Toiletries Limited (in Administration)
"Deloitte"	Deloitte LLP
"Hamsard"	Hamsard 3137 Limited. The company changed its name to B3 International Limited on 13 October 2008
"Group"	Bodycare Group BV and its subsidiaries
"Venture"	Venture Finance PLC

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 2.47 of The Rules to provide creditors with an update on the progress of the Administration of the Company since our first report to creditors dated 7 November 2008.

Given the information previously provided to creditors in our first report to creditors, we have not included detailed background information in respect of the Company and have focussed on progress of the Administration since the Administrators' proposals were issued in November 2008.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

### **1.2 Details of the appointment of the administrators**

William Kenneth Dawson and Ian Brown, both partners of Deloitte LLP, c/o 2 Hardman Street, Manchester, M60 2AT, were appointed Joint Administrators of the Company by Venture, following the filing of a Notice of Appointment of Administrators in its capacity as Qualifying Floating Charge Holder of the Company, on 2 October 2008.

The Court of the proceedings is the High Court of Justice, Chancery Division, Manchester District Registry (case number 3659 of 2008).

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

## **2. THE ADMINISTRATORS' PROPOSALS**

### **2.1 Introduction**

As previously reported to creditors, the Administrators concluded that the first prescribed objective under paragraph 3(1)(a) of Schedule B1 of the Act, namely "rescuing the company (the legal entity) as a going concern" is not achievable in respect of the Company in Administration.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(1)(b), which is for the Administrators to perform their functions with the objective of achieving a better result for the Company's creditors, as a whole, than would be obtained through an immediate liquidation of the Company. The purpose of the Administration was achieved through a sale of the business and the assets of the Company.

As it was expected there would be insufficient funds for a distribution to the unsecured creditors of the Company, and in accordance with Paragraph 52 (1)(b) of Schedule B1, the Administrators notified creditors in their report dated 7 November 2008, that they would not be convening a meeting of creditors to consider the Administrators proposals, and unless requested to do so within 12 days of the issue of the report, the proposals would be deemed approved. No request in the prescribed manner was received and therefore the Administrators' proposals were deemed approved.

The Administrators' proposals approved by the creditors of the Company are as follows:

1. the Administrators continue to manage the affairs and assets of the Company, collect any recoverable outstanding pre and post appointment book debts as required, utilising realisations of assets where appropriate, settle any administration expenses where such expenses are incurred for the purpose of the administration and realise the remaining assets of the Company;
2. the Administrators be authorised to compromise any debtor balances where applicable;
3. the Administrators continue with their enquiries into the conduct of the directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
4. the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors of the Company (where applicable);
5. the Administrators be authorised to distribute funds to the secured and preferential creditors of the Company (where applicable), as and when claims are agreed;
6. the Administrators fees and expenses be approved by the secured creditors and preferential creditors of the Company (where applicable) in

accordance with rule 2.106(5A), based on the Administrators time costs and expenses incurred, on a monthly basis;

7. the Administrators be discharged from liability in respect of any action of theirs as Administrators on vacation of office (whether because they vacate office by reason of resignation, death or otherwise, because they are removed from office or because their appointment ceases to have effect), in accordance with schedule B1 paragraphs 98 and 99 of the Act;
8. the Administrators be authorised to seek an extension to their term of office if deemed necessary by them; firstly by consent from the secured creditors (and the requisite majority of preferential creditors if the Administrators think that there will be a distribution to them) under paragraph 76(2)(b) of schedule B1 to the Act for a six month period and, if a further extension is required, by an application to court under paragraph 76(2)(a) of schedule B1 to the Act;
9. When it is considered that no further distributions to creditors will be made and that the Administrators have concluded their duties, the Administrators be authorised to take the necessary steps to move the Company from Administration to dissolution, pursuant to paragraph 84 of schedule B1 to the Act, and cease to act;
10. If the Administrators think that a distribution will be made to unsecured creditors of a Company, that they be authorised to take the necessary steps to move that Company into creditors' voluntary liquidation pursuant to paragraph 83 of schedule B1 to the Act. If this route is deemed appropriate, the Joint Administrators will seek the appointment of William Kenneth Dawson and Ian Brown both of Deloitte & Touche LLP as Joint Liquidators of that Company. In accordance with paragraph 83(7) of Schedule B1 to the Act and rule 2.117(3) of the Rules, creditors may nominate a different person as proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved; and
11. If the Administrators deem it appropriate, that they be authorised to make an application to court pursuant to paragraph 79 of schedule B1 to the Act to end the Administration and petition the court for the winding up of that Company. If appropriate, the Administrators will apply to be appointed as Joint Liquidators pursuant to section 140(1) of the Act.

## **2.2 Amendments to the Proposals**

We can confirm that there has been no amendment to, or any deviations from, the proposals other than within proposal 10 above where it should be noted that Deloitte & Touche LLP has subsequently renamed as Deloitte LLP from 1 December 2008.



### 2.3 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1	A sale of the business and assets of the Company to Hamsard was concluded by the Administrators on 2 October 2008. The Administrators continue to manage the affairs of the Company including the intercompany balances and settlement of administration expenses.
2	Trade debtor balances were realised as part of the sale of the business and assets of the Company on 2 October 2008.
3	The Administrators have submitted their confidential report of the conduct of the director to the Insolvency Service. The contents of this report are legally privileged and cannot be disclosed to creditors.
4	The claims of creditors are in the process of being agreed where appropriate.
5	Secured creditor: A distribution to Venture was made on 2 October 2008 following the sale of the business and assets of the Company.  Preferential creditors: A preferential dividend of 100 pence in the pound was paid in March 2009.
6	The Administrators remuneration has been approved in accordance with rule 2.106(5A) based on the Administrators time costs and expenses incurred.
7	Not yet applicable.
8	The Administration has been in progress for six months and hence no extension is currently necessary. This will be reviewed before the 12 month anniversary of the Administrators' appointment.
9	Not yet applicable.
10	Not yet applicable.
11	Not yet applicable.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

### **3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

#### **3.1 Introduction**

Attached at Appendix 2 is a Receipts and Payments account covering the period from 2 October 2008 to 1 April 2009.

As this report focuses on progress in the Administration since our report dated 7 November 2008, we will not set out the circumstances and background of the sale of the business and assets of the Company.

For ease of reference, we can confirm that the sale of the business and assets to Hamsard 3137 Limited was concluded by the Administrators on 2 October 2008. The detailed terms of the sale and purchase agreement are confidential. We can confirm, however, that the sum of £2.35m in consideration for the plant and equipment, intellectual property, trade debts, stock and fixture and fittings of the Company was received as set out in Appendix 2.

#### **3.2 Asset realisations**

Further to the sale of business and assets, the Administrators have realised a repayment of business rates that had been prepaid. This rebate amounted to £35,760.78.

The Administrators are also holding £86,189 of third party monies that have been paid in error to the Company's bank account since the appointment of Administrators. These funds are in the process of being repaid to the relevant third party.

#### **3.3 Estimated future realisations**

The Administrators' staff continue to investigate any possible value vesting in the residual intercompany trading balances held in the Company's books. The Group companies that the intercompany trading balances relate to are as follows:

- **Cosmara BV:** A Group company that traded in Holland. An official receiver was appointed over this company on 25 August 2008 by the District Court of Utrecht after the company was declared bankrupt. Intercompany balances are in the process of being reconciled.
- **Bodycare Group BV:** The ultimate parent company was declared bankrupt on 18 November 2008. We have been informed that the assets of the company will be insufficient to repay creditors and, as such, no distribution is to be made to creditors.
- **Bodycare Kozmetikai KFT:** A Group company that traded in Hungary. An Administrator was appointed over the company on 6 November 2008 by the Veszprem County Court following its insolvency. Intercompany balances are in the process of being reconciled.

## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

As advised in our report dated 7 November 2008, Venture is a secured creditor of the Company having been granted a debenture conferring fixed and floating charges over the assets of the Company.

This priority over unsecured creditors is subject to payments to preferential creditors and unsecured creditors under the prescribed part (see section 4.3 below).

The Company's debts to Venture as at the appointment of the Administrator amounted to £2.218m. As a result of the successful sale of business and assets, Venture has been repaid in full.

### **4.2 Preferential creditors**

Preferential creditors relate to employee liabilities for arrears of wages, holiday pay and certain pension contributions and are paid in priority to unsecured creditors out of net floating charge realisations.

One preferential claim has been received which amounted to £2,122. This claim has been agreed and a distribution of 100 pence in the pound was paid in March 2009.

No further preferential claims are expected to be received or paid.

### **4.3 Prescribed Part**

By virtue of Section 176A(2)(a) of the Act, the Administrators must make a Prescribed Part of the Company's net property available for the satisfaction of unsecured debts. Net property is the amount of the Company's property which would, but for this section, be available for the holders of floating charges created by the Company.

The value of the prescribed part cannot exceed £600,000 per company. It is not envisaged that the prescribed part for the Company will exceed the maximum amount of £600,000 as illustrated below.

At the date of this report, the level of the prescribed part is estimated to be circa £65,000, based on estimated net property from floating charge realisations in the Company of £310,000.

Unsecured claims per the Director's Statement of Affairs amounted to £2,121,771. Claims received to date amount to £5,560,541 but this balance includes intercompany balances. The comparable value of claims, excluding intercompany balances, amounts to £2,311,280. All unsecured claims are yet to be agreed. The agreement of claims will be carried out when a distribution to creditors is made.

It is likely that the Administrator will take the necessary steps to move the Company in to Creditors' Voluntary Liquidation, pursuant to paragraph 83 of schedule B1 to the Act, so as to make a distribution to unsecured creditors. This will be reviewed by the Administrator in due course.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

We do not envisage that an extension to the end date of the Administration will be made in respect of the Company. The Administrators will continue to keep this under review.

### **5.2 Investigations**

The Administrators have complied with statutory requirements in respect of the conduct of directors, in relations to their management of the affairs of the Company and the causes of the failure, and have submitted their confidential report to the Insolvency Service.

### **5.3 SIP 13 – Transactions with connected parties**

In accordance with the guidance given in Statement of Insolvency Practice Number 13, details of the Company's transactions with connected parties in the period are provided below:

<b>Date</b>	<b>Details of transaction</b>	<b>Sales / (Purchases) (£m)</b>	<b>Name of counterparty</b>	<b>Connection</b>
2 Oct 2008	Sale of the assets of the Company, to include stock, debtors, plant & machinery and fixtures and fittings.	2.35	Hamsard 3137 Limited	John Carrington, director of the Company, is also a director of Hamsard 3137 Limited.

### **5.4 EC Regulations**

As stated in the Administration Order in respect of the Company, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

## **6. JOINT ADMINISTRATORS' FEES AND EXPENSES**

### **6.1 Joint Administrators' Fees**

There will be no funds available to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act; therefore, fixing of Administrators' remuneration will be approved in accordance with Rule 2.106(5A) of the Rules, which is outlined as follows:

- Where the Administrators have made a statement under paragraph 52(1)(b) the Administrators' remuneration may be fixed by approval of:
  - each secured creditor; or
  - if the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of preferential creditors who respond to an invitation to consider approval.

The Administrators have written to the secured and preferential creditors separately to agree their remuneration in respect of fixed and floating charge realisations.

In line with paragraph 52(1)(b) of Schedule B1 of the Act outlined above there is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration.

### **6.2 Other professional costs**

Halliwells LLP were instructed by the Administrators to advise on appropriate legal matters. We do not expect costs to exceed £5,000 and, as at the date of reporting, no payments have been made in respect of the work carried out.

All professional costs are reviewed and analysed before payment is approved.

**BODYCARE TOILETRIES LIMITED (IN ADMINISTRATION)**

**SUMMARY OF STATUTORY INFORMATION**

<b>Company name</b>	Bodycare Toiletries Limited
<b>Previous names</b>	Norit Bodycare Toiletries Limited
<b>Company number</b>	02188629
<b>Date of incorporation</b>	4/11/1987
<b>Registered office</b>	2 Hardman Street Manchester M60 2AT
<b>Ordinary issued and called up share capital</b>	
Allotted, called up and fully paid ordinary shares of £1 each	126,000
<b>Shareholder</b>	Hamsard 3137 Limited
<b>Directors (as at appointment)</b>	John Andrew Carrington
<b>Directors (previous in last three years)</b>	n/a
<b>Company secretary</b>	n/a
<b>Bankers</b>	Venture Finance Plc
<b>Auditors</b>	PWC LLP

**Appendix 2**  
**Page 1 of 1**

**Bodycare Toiletries Limited - In Administration**  
**Receipts and Payments Account for period**  
**2 October 2008 to 1 April 2009**

	Note	Estimated to Realise Per SOA £	Movement 2 Oct '08 to 1 Apr '09 £	Cumulative to 1 Apr '09 £
<b>Receipts</b>				
Trade Debtors	1	1,808,336	0.00	0.00
Stock	2	340,525	111,105.00	111,105.00
Plant & Equipment	3	180,039	0.00	0.00
Fixtures and Fittings		15,000	15,000.00	15,000.00
Computer Equipment		5,000	5,000.00	5,000.00
Cash at Bank		0	9,894.36	9,894.36
Sundry Refund		0	35,760.78	35,760.78
Bank Interest Gross		0	1,952.93	1,952.93
Third Party Monies - Escrow Account Interest	4	0	17.28	17.28
Third Party Monies - Other	5	0	86,189.49	86,189.49
		<u>2,348,900</u>	<u>264,919.84</u>	<u>264,919.84</u>
<b>Payments</b>				
Statutory Advertising			184.41	184.41
Bank Charges			40.00	40.00
Joint Administrators' Fees			65,000.00	65,000.00
Distribution to Preferential Creditors			2,122.16	2,122.16
	6		<u>67,346.57</u>	<u>67,346.57</u>
Balances in Hand			<u>197,573.27</u>	<u>197,573.27</u>
<b>Made up as follows</b>				<b>£</b>
Fixed Charge Interest Bearing Current Account				0.00
Floating Charge Interest Bearing Current Account				101,584.22
VAT Receivable				9,782.28
				<u>111,366.50</u>
Escrow Account				17.28
Third Party Monies				86,189.49
				<u>197,573.27</u>

**Notes**

- 1 Proceeds of £1,808,336 were received in consideration of the Company's book debts but were received directly by Venture - see Note 6.
- 2 Proceeds of £340,525 were received in consideration of the Company's stock and of this £111,105 was received by the Administrators with the balance of £229,420 being received directly by Venture - see Note 6.
- 3 Proceeds of £180,039 were received in consideration of the Company's plant and equipment but were received directly by Venture - see Note 6.
- 4 An amount of £17 is held by the Administrators in an Escrow account. This is due to be repaid to Hamsard and represents the final interest amount that has been applied to the account. This account originally amounted to £250,000 but funds have subsequently been repaid to Hamsard following the settlement of ROT liabilities.
- 5 The Administrators are also holding £86,189 of third party monies that have been paid in to the Company's bank account, since the appointment of Administrators, in error. These funds are in the process of being repaid to the relevant party.
- 6 By virtue of Venture repaying it's facilities, a distribution on account to the secured lender of £2,217,796 has been made to date.