

## The Insolvency Act 1986

Liquidator's Progress Report  
Pursuant to Section 192 of  
The Insolvency Act 1986**S.192**

To the Registrar of Companies

For Official Use

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Company Number

03177571

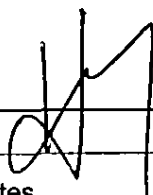
Name of Company

Effective Cosmetics Retail Limited

I / We  
Hasan Mirza  
Cantium House  
Railway Approach  
Wallington  
Surrey  
SM6 0HB

the liquidator~~s~~ of the company attach a copy of my/~~our~~ progress report  
under section 192 of the Insolvency Act 1986

Signed



Date

26/10/2011

AGAssociates  
Cantium House  
Railway Approach  
Wallington  
Surrey  
SM6 0HB

Ref EFF005/HM/RN

In

FRIDAY



\*ATL77YRR\*

A47

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COMPANIES HOUSE

# **Liquidator's Annual Progress Report to Creditors**

**Effective Cosmetics Retail  
Limited**

**In Liquidation**

**25 April 2011**

# **EFFECTIVE COSMETICS RETAIL LIMITED**

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## **APPENDICES**

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- B Time Analysis for the period 26 April 2010 to 25 April 2011**
- C Additional Information in relation to Liquidator's fees pursuant to Statement of Insolvency Practice No 9.**

## **EFFECTIVE COSMETICS RETAIL LIMITED**

### **1 Introduction and Statutory Information**

- 1 1 I. Hasan Mirza of AGAssociates, Cantium House, Railway Approach, Wallington, Surrey SM6 0DZ, was appointed as Liquidator of Effective Cosmetics Retail (the Company) pursuant to Section B1 Paragraph 83 of the Insolvency Act 1986 on 26 April 2010. This report provides an update on the progress in the liquidation for the year ended 25 April 2011.
- 1 2 Effective Cosmetics Retail Limited was incorporated on 25 March 1996 and began trading as retailer of cosmetics in 1997 through both retail stores and home sales. Later also developing an internet sales system. ECR was originally part of the Virgin group of companies and was part of a sub-group dealing with cosmetics and clothing. The sub-group was sold to Vie Cosmetics Group Limited (VCG) on 24 December 2008.
- 1 3 The company had several changes of name with the longest-serving name being The Virgin Cosmetics Company Limited from 1999 to 2006, then Virgin Vie at Home Limited. Most of the shops traded under the name "Virgin Cosmetics" and the majority of the products were sold under the "Virgin", "Virgin Vie" and "Vie" brand names, with the home and internet sales operating under the "Virgin Vie at Home" and "Vie at Home" brands. The change of name to Effective Cosmetics Retail Limited and re-branding of the shops as "Effective Cosmetics" was a consequence of conditions imposed on the Company and other subsidiaries of VCG by the agreement under which the companies were bought from the Virgin Group on 24 December 2008.
- 1 4 A full list of the connected companies in the Vie Cosmetics Group was included in my report of 18 November 2009. I am the Liquidator of connected companies, Effective Clothing Retail Limited and Victory Retail Limited and also the Administrator of Victory Corporation Limited. These three other companies undergoing insolvency have been non-trading for some time, but were tenants or guarantors under leases of retail premises formerly used by ECR, or the former retail clothing business operated under "Virgin Clothing" and "Victory Clothing" brands.

## **EFFECTIVE COSMETICS RETAIL LIMITED**

- 1 5 The registered office of the Company has been changed to Cantium House, Railway Approach, Wallington, Surrey SM6 0DZ, and its registered number is 03177571

### **2 Realisation of Assets**

- 2 1 The sum of £182,019 02 was transferred at the completion of the Administration to the Liquidator. I enclose in Appendix A, the Receipts and Payments Account for the period 26<sup>th</sup> April 2010 to 25<sup>th</sup> April 2011.
- 2 2 Business rates in the sum of £2,455 80 were refunded by South Gloucester Council
- 2 3 The Balance in respect of the sale of stock was received in the sum of £50,000 00 plus Vat
- 2 4 Bank interest, a debtor account and a sundry receipt were also received as detailed in the account of income & expenditure

### **3 Investigations**

- 3 1 In accordance with the Company Directors Disqualification Act 1986, I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents

### **4 Creditors**

#### **Unsecured Creditors**

- 4 1 I have received claims totalling £707,333 85 from 26 creditors I have yet to receive claims from 81 creditors whose claims were estimated in the sum £2,295,262 88 as per the directors' statement of affairs

#### **Preferential Creditors**

- 4.2 Preferential creditors in the Statement of Affairs represent accrued holiday pay and arrears of wages were paid in full by the Administrator

## **EFFECTIVE COSMETICS RETAIL LIMITED**

### **5 Dividend Prospects**

- 5 1 At present, I have the sum of £162,356 66 in hand. With the majority of creditors still not submitting their claim, I am unable to confirm the likely quantum or timing of any dividend.
- 5 2 If you have not already submitted a claim in the Liquidation can you please complete and return the enclosed Statement of Claim form as soon as possible, otherwise you will be excluded from any dividend payable
- 5 3 Alternatively, I should be obliged if you would inform me if you have no claim in the liquidation.

### **6 Remuneration**

- 6 1 The Creditors approved that the basis of the Liquidator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Liquidation
- 6 2 The Administration time costs outstanding at the commencement of the liquidation were £131,502 00 Administration time costs in the sum of £36,367 14 were drawn on 4 June 2010 Time costs in the sum of £45,000 00 were written off leaving a balance of £50,134 86 outstanding Administration time costs.
- 6 3 My time costs as Liquidator for the period from 26 April 2010 to 25 April 2011 are £91,795.00. This represents 247.34 hours at an average rate of £371 13 per hour. Attached as Appendix B, is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference, to time properly spent in managing the Liquidation To date, no amount has been drawn on account
- 6.3 Attached as Appendix C is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

## **EFFECTIVE COSMETICS RETAIL LIMITED**

### **7 Liquidator's Expenses**

The major expenses incurred during the period of this report were the professional legal fees paid to Edwin Coe LLP and the Accountancy fees paid to Maurice J Bushell & Co , in the sum of £3,950.00 plus VAT & £5,315.00 plus VAT respectively

### **8 Creditors' rights**

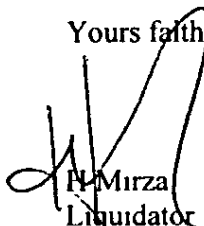
8.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report

8.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Liquidator's remuneration, the remuneration charged or the expenses incurred by the Liquidator as set out in this progress report are excessive

### **9 Next Report**

9.1 I am required to provide a further report on the progress of the liquidation within two months of the end of the second anniversary of the liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors

Yours faithfully,

  
P. Mirza  
Liquidator

**Effective Cosmetics Retail Limited  
(In Liquidation)**

**Income and Expenditure Account  
26 April 2010 to 25 April 2011**

| <b>INCOME</b>                            | <b>Total (£)</b>  |
|--|-------------------|
| Stock                                    | 50,000 00         |
| Book Debts                               | 293 78            |
| The Admin Effective Cosmetics Retail Ltd | 182,019 02        |
| General Rates Refund                     | 2 455 80          |
| Sundry Receipt                           | 500 00            |
| Bank Interest Gross                      | 110 39            |
|  | <b>235,378 99</b> |
| <br><b>EXPENDITURE</b>                   |                   |
| Administration Fees                      | 36,367 14         |
| Accountants Fees                         | 5,315 00          |
| Legal Fees (1)                           | 3,950 00          |
| Telephone Telex & Fax                    | 240 05            |
| Administration Rents Payable             | 27,120 26         |
| Bank Charges                             | 29 88             |
|  | <b>73,022.33</b>  |
| <br><b>Balance</b>                       | <b>162,356 66</b> |
| <br><b>MADE UP AS FOLLOWS</b>            |                   |
| Vat Receivable                           | 7,985 63          |
| Bank 1 Current                           | 162,058 13        |
| Vat Payable                              | (7,687 10)        |
|  | <b>162,356.66</b> |



# Time Entry - SIP9 Time & Cost Summary

EFF005

From 26/04/2010 To 25/04/2011

| Classification of Work Function | Partner       | Manager       | Other Senior Professionals | Assistants & Support Staff | Total Hours   | Time Cost (£)    | Average Hourly Rate (£) |
|---------------------------------|---------------|---------------|----------------------------|----------------------------|---------------|------------------|-------------------------|
| Administration & Planning       | 50.70         | 46.40         | 0.00                       | 0.00                       | 97.10         | 37,366.00        | 384.92                  |
| Case Specific Matters           | 0.00          | 1.40          | 0.00                       | 0.00                       | 1.40          | 434.00           | 310.00                  |
| Creditors                       | 0.50          | 24.06         | 0.00                       | 0.00                       | 24.56         | 7,923.00         | 322.34                  |
| Investigations                  | 29.50         | 41.22         | 0.00                       | 0.00                       | 70.72         | 26,301.50        | 371.91                  |
| Marketing                       | 0.00          | 0.00          | 0.00                       | 0.00                       | 0.00          | 0.00             | 0.00                    |
| Non Chargeable                  | 0.00          | 0.00          | 0.00                       | 0.00                       | 0.00          | 0.00             | 0.00                    |
| Realisation of Assets           | 19.00         | 6.78          | 0.00                       | 0.00                       | 25.78         | 11,621.50        | 418.34                  |
| Trading                         | 1.20          | 24.56         | 0.00                       | 0.00                       | 25.76         | 6,149.00         | 316.34                  |
| <b>Total Hours</b>              | <b>100.90</b> | <b>146.64</b> | <b>0.00</b>                | <b>0.00</b>                | <b>247.34</b> | <b>91,798.00</b> | <b>371.13</b>           |
| <b>Total Fees Claimed</b>       |               |               |                            |                            |               | <b>0.00</b>      |                         |

# EFFECTIVE COSMETICS RETAIL LIMITED

## Appendix C

### ADDITIONAL INFORMATION IN RELATION TO LIQUIDATOR'S FEES

#### PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

##### 1 Policy

Detailed below is AGAssociates policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

##### 1.1 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Manager, Administrator and/or an Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case

We have not utilised the services of any subcontractors in this case

##### *Professional advisors*

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

| Name of Professional Advisor | Basis of Fee Arrangement |
|------------------------------|--------------------------|
| Edwin Coe LLP (legal advice) | Time Costs               |
| Maurice J Bushell & Company  | Agreed Fee               |

## EFFECTIVE COSMETICS RETAIL LIMITED

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

### 12 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by AGAssociates for the provision of services which include an element of recharged overhead, for example, room hire or document storage.

On this case no Category 2 disbursements have been incurred.

### 2 Charge-out rates

A schedule of AGAssociates charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. Below are details of this firm's charge out rates which have been applied with effect from 1 January 2011.

|               | (Per hour)<br>£ |
|---------------|-----------------|
| Partner       | 450.00          |
| Manager       | 310.00          |
| Administrator | 200.00          |
| Support Staff | 120.00          |

## **EFFECTIVE COSMETICS RETAIL LIMITED**

### **CREDITOR'S STATEMENT OF CLAIM**

Name and address of creditor

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Amount claimed in the liquidation:  
(Including VAT)

£ 

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Signature of creditor

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Name of creditor

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Telephone

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Fax.

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E-mail.

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Date

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 / 

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Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

Please return this form when you have completed it to Hasan Mirza at AGAssociates, Railway Approach, Wallington, Surrey. SM6 0DZ

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Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the liquidation should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.