

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

| | |
|--|--------------------------------|
| Name of Company Passion For Life Healthcare Limited | Company number 03244293 |
| In the Guildford County Court (full name of court) | For court use only 57 of 09 |

(a) Insert full name(s) and address(es) of administrators

I/We (a) James Bradney and Andrew Duncan of Bridge Business Recovery, 3rd Floor, 39-45 Shaftesbury Avenue, London W1D 6LA

(b) Insert place of meeting

Hereby report that a meeting of the creditors of the above Company was held at

(c) Insert date of meeting

(b) Bridge Business Recovery, 3rd Floor, 39-45 Shaftesbury Avenue, London, W1D 6LA

on (c) 8 September 2009 at which:

*Delete as applicable

1. The Joint Administrators proposals were approved.

(d) Give details of the modifications (if any)

The modifications made to the proposals are as follows:

(e) Insert time and date of adjourned meeting

(d) _____

(f) Details of other resolutions passed

A creditors' committee was not formed

*delete as applicable

Signed

J Bradney
Joint Administrator

Dated

11/9/09

*Delete as applicable

A copy of the original proposals is attached for those who did not receive such documents prior to the meeting.

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 searches of the public record

Bridge Business Recovery
3rd Floor
39-45 Shaftesbury Avenue

Tel: 020 7025 6130

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



FRIDAY

A50

A6AMUF4P

20/11/2009

COMPANIES HOUSE

72

24 August 2009

Our ref: JB/JC/BR1156/427755

TO ALL KNOWN CREDITORS

Dear Sirs

Passion For Life Healthcare Limited In Administration

I refer to my letter dated 10 July 2009 advising of my appointment as Joint Administrator on 1 July 2009, together with my partner Andrew Duncan.

The purpose of an administration is to achieve the following hierarchical objectives:

- a) rescuing the Company as a going concern, or
- b) achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
- c) realising property in order to make a distribution to one or more secured or preferential creditors.


In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986, a creditors' meeting has been convened at 3rd Floor, 39-45 Shaftsbury Avenue, London, W1D 6LA on 8 September 2009 at 2.30pm.

The purpose of this meeting is to consider the Joint Administrators' proposals and if thought appropriate to establish a committee of creditors.

Please find attached my proposals and report to creditors. A proof of debt is enclosed in the appendix of the report, which should be sent to Bridge Business Recovery.

In the interim, should you have any queries please contact James Carr of this office.

Yours faithfully
For and on behalf of
Passion For Life Healthcare Limited



James Bradney
Joint Administrator

Enc.

The Joint-Administrators act as agents of the company and without personal liability.
The affairs, business and property of the company are being managed by the Joint Administrators, James Bradney and Andrew Duncan.

**Passion For Life Healthcare Limited
(In Administration)**

**Joint Administrators' Report and Proposals to Creditors
pursuant to Paragraph 49 of Schedule B1
to the Insolvency Act 1986**

24 August 2009

Names of Joint Administrators: James Bradney
Andrew Duncan

Date of Appointment: 1 July 2009

Date of Report: 24 August 2009

Appointed by The Directors

Court Reference: Guildford County Court no. 057 of 2009

Bridge Business Recovery
3rd Floor
39-45 Shaftesbury Avenue
London
W1D 6LA

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1. INTRODUCTION

- 1.1 James Bradney and Andrew Duncan of Bridge Business Recovery were appointed Joint Administrators of Passion For Life Healthcare Limited ("the Company") on 1 July 2009 by the Directors of the Company pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986. Eurofactor (UK) Limited, the holder of a qualifying floating charge over the assets of the Company, consented to the appointment.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This report to creditors sets out the circumstances leading up to the appointment of the Administrators and the steps taken by them to date.
- 1.4 You should complete the Proxy and Proof of Debt forms at Appendix 8 and return them to our offices.

2. BACKGROUND

- 2.1 The Company was incorporated on 30 August 1996.
- 2.2 Statutory information on the Company and further information concerning its financial position is included within Appendices.
- 2.3 The trading address of the Company was 55 High Street, Epson, Surrey, KT19 8DH. The registered office of the Company has been changed from 55 High Street, Epson, Surrey, KT19 8DH to 3rd Floor, 39-45 Shaftsbury Avenue, London, W1D 6LA for the purposes of the Administration.
- 2.4 The Company was founded by Alex Duggan and Philip Artus, who remain Directors of the Company.
- 2.5 The Company was originally set up to distribute vitamins and other healthcare products in the United Kingdom to large chain stores such as Boots, Superdrug and Tesco.
- 2.6 Since 2000, when the product Snoreeze was introduced to the Company's product range, the Company pioneered and led the snoring relief category. It developed the brand portfolio through market and clinical research led innovation into a customer offering which was believed to be superior to its competitors.
- 2.7 The Snoreeze portfolio has four presentations: two oral applications, being a throat spray and oral strips and two nasal applications, being nasal strips and a nasal spray.
- 2.8 Snoreeze was established as one of the three leading brands in the industry. By implementing a European strategy, significant positions were obtained in Europe's top five markets. At its peak the range of products was distributed in over 30 European countries.
- 2.9 In the year ended 31 December 2008, the Snoreeze brand generated gross sales of € 7.8 million across Europe. However, this level of sales was not maintained through out 2009.
- 2.10 The Company has also developed a range of products called Peditech. Peditech is an antibacterial formula that kills the bacteria responsible for foot odour. The Company owned the intellectual property rights to both this product and Snoreeze.
- 2.11 The Company continued to distribute other imported products to the United Kingdom. These products included 'Bio Fem' and 'Audiclean'.

3. EVENTS LEADING UPTO THE ADMINISTRATION

- 3.1 The Company suffered a near 50% reduction in turnover from autumn 2008. This was due to the worldwide financial crisis and the subsequent recession causing overseas distributors to reduce order levels and 'de-stock.'
- 3.2 The Directors took steps to reduce costs by making staff redundancies, but were unable to reduce costs in line with the sudden and dramatic fall in turnover.
- 3.3 Towards the end of 2008, the Directors approached various parties in order to discuss the sale of the Company and its assets. In September 2008, the Company appointed Corbett Keeling, a merchant bank, to manage the sale process with the assistance of Present Value, a firm with specific over the counter brand experience. From a list of 80 potential purchasers, 35 were sent initial invitation letters in October 2008 with sales packs being distributed as appropriate. Despite extending the deadline for submission for offers to mid January 2009, no offers were forthcoming.
- 3.4 The Directors had realised the Company was under severe financial stress. It was clear the Company could not survive without a further injection of capital which the shareholders were unable to provide. The Company was offered the opportunity to extend its overdraft with the bank but the additional funds being made available would have still proved insufficient to ease the creditor pressure. Bridge Business Recovery were subsequently instructed to advise on the financial position of the Company.
- 3.5 Andrew Duncan and James Bradney were duly appointed as Joint Administrators on 1 July 2009.

4. PURPOSE OF THE ADMINISTRATION

- 4.1 The purpose of an Administration is to achieve the following hierarchical objective:
- Rescuing the Company as a going concern, or
 - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 4.2 The Joint Administrators do not believe that the first objective was achievable as it was not possible to rescue the Company. However, by selling the business as a going concern the second objective of an Administration has been achieved.
- 4.3 Liquidation was discounted as an option as the costs of realising the tangible assets would have risen significantly whilst the break up values diminished. Trade debtors would have proved more difficult to collect, as the business would have ceased to trade. Employees would have been dismissed to hereby creating additional claims on the Company and the goodwill and work in progress realisations would have been prejudiced.

5. PROGRESS OF THE ADMINISTRATION TO DATE

- 5.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed and financed are set out below.

Strategy

- 5.2 Prior to our appointment, it was evident that the Company was insolvent on a cash flow basis and the Company would need the protection of an Administration in the very short term.
- 5.3 Having established that an Administration was inevitable, the option of trading the business in Administration was considered but this was not feasible as the Company's lease had expired and the factoring Company was not willing to provide an invoice discounting facility post-appointment. It was also anticipated that significant trading losses would be incurred during this period. The Joint Administrators formed the view that once competitors and customers became aware of the Company's problems the value in the goodwill would quickly be destroyed.
- 5.4 It was clear that in order to preserve any value in the business and assets, including a substantial debtor book, that a sale of the business and assets needed to be concluded in the near future on a pre-packaged basis.
- 5.5 The business and assets of the Company were valued by an independent firm of valuers and agents on both a going concern and forced sale basis. The eventual going concern sale consideration detailed below exceeded these valuations and the transaction was recommended by the valuer.
- 5.6 In light of the marketing attempts done prior to the Joint Administrators appointment, the view was formed that an additional marketing campaign would not be worthwhile.

Sale of the business and assets

- 5.7 Immediately upon our appointment, we took the decision to sell the business and assets of the Company as a going concern to Aria Healthcare Limited.
- 5.8 Aria Healthcare Limited is connected to the Company by way of common Directors and shareholders, Richard Wiffen and Alexander Duggan, and a common secured creditor, Eurofactor (UK) Limited. Mr Wiffen's and Mr Duggan's continued involvement in the business was crucial due to the client relationships and their ability to manage the sales pipeline.
- 5.9 Both Mr Wiffen and Mr Duggan have jointly and severally personally guaranteed the consideration due to the Company in respect of the sale of the business and assets. Aria Healthcare Limited has also granted the Company a debenture over the business and assets in respect of the consideration due.
- 5.10 Due to commercial reasons, no discussions were held with the Company's major creditors prior to the completion of the sale with the exception of Barclays Bank PLC. Barclays Bank PLC approved the proposed strategy and assigned the debtor ledger to Eurofactor (UK) Limited prior to the Administration once their liability had been settled.
- 5.11 A charge in favour of Eurofactor (UK) Limited was created on 24 June 2009 over the assets of the Company. Consent to the appointment of the Joint Administrators was provided by Eurofactor (UK) Limited on 1 July 2009.
- 5.12 The sale completed on 2 July 2009. The consideration was apportioned as follows:

| | £ |
|---------------------------------|----------------|
| Premises Deposit | 25,300 |
| Stock | 91,792 |
| Goodwill, Intellectual Property | 50,000 |
| Equipment and Work in Progress | |
| Total | 167,092 |

- 5.13 The consideration is to be paid in instalments with the last payment falling due on 31 December 2009.
- 5.14 The sale is not part of a wider transaction.

Employees

- 5.15 It was acknowledged by both parties that the contracts of employment of the employees would not be terminated by the sale of and purchase of the business and would continue to have effect as if originally made between the employees and Aria Healthcare Limited in accordance with the Transfer of Undertakings (Protection of Employment) Regulation 2006 ("TUPER").
- 5.16 Aria Healthcare Limited agreed to pay all outstanding wages and salary due to the employees and any income taxes and national insurances in relation to such employee claims. Aria Healthcare Limited agreed to indemnify the Company and the Joint Administrators fully and effectively against all claims in respect thereof.

Book Debts Assigned to Eurofactor (UK) Limited

- 5.17 Book debts that have been assigned to Eurofactor (UK) Limited have a book value of £514,951 and an estimated to realise value of £386,213. Aria Healthcare Limited were instructed to collect in the book debts on behalf of Eurofactor (UK) Limited.
- 5.18 An amount of £329,005 has been collected to date. A debt collection fee of 5% has been charged in relation to this recovery. It should be noted that outstanding liability due to Eurofactor (UK) Limited in respect of the UK account currently stands at £73,689 which includes the termination fee. The European account is currently in surplus funds with a credit balance of £55,056.
- 5.19 The outstanding ledgers total £179,699 which shall continue to be collected in the Administration.

Investigations

- 5.20 An investigation is currently being carried out into the management of the Company and the causes of failure.
- 5.21 A report into the conduct of the Directors will be submitted to the Department for Business Enterprise and Regulatory Reform in due course. The contents of this report are confidential.

Receipts and Payments

- 5.19 A detailed Receipts and Payments Account is shown in Appendix 2, the contents of which are self explanatory.
- 5.20 An amount of £12,837 has been paid to Aria Healthcare Limited in respect of a 5% debt collection fee on the first £256,740 of book debts collected.

6. STATEMENT OF AFFAIRS

- 6.1 In accordance with Paragraph 47 of Schedule B1 to the Insolvency Act 1986 the Joint Administrators requested that the Directors provide them with a statement of the affairs of the Company.
- 6.2 The Joint Administrators have assisted the Directors in the preparation of the Statement of Affairs based on information provided from the Company's financial records.

- 6.3 The Directors' Statement of Affairs was verified and signed on 21 August 2009 and is attached at Appendix 3. This shall be filed at Companies House. The Joint Administrators do not consider the contents to be unreasonable.
- 6.4 A schedule of creditors' names and addresses is attached at Appendix 4. Some creditor amounts shown may differ from the actual amount owed. This does not affect their claim.

7. JOINT ADMINISTRATORS' REMUNERATION

- 7.1 In accordance with Rule 2.106 of the Insolvency Rules 1986, as amended, it is proposed that the basis upon which the Joint Administrators' remuneration should be fixed, is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 7.2 The Joint Administrators' time costs for the period 1 July 2009 up to and including 24 August 2009 totalled £14,479. A schedule of these time costs is set out at Appendix 5.
- 7.3 To date, no remuneration has been drawn by the Joint Administrators.
- 7.4 A Creditors' guide to Administrators' fees is attached to the report at Appendix 6.

8. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

- 8.1 Eurofactor (UK) Limited hold a fixed and floating charge over the assets of the Company.
- 8.2 Pursuant to the Directors' Statement of Affairs it is anticipated that the Eurofactor (UK) Limited's debt, totalling £367,740, will be fully recovered via the debt collection that has been assigned to them.

Preferential Creditors

- 8.3 No claims from preferential creditors have been received and none are expected.

Prescribed Part

- 8.4 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003 a prescribed part of the company's net property shall be made available to unsecured creditors.
- 8.5 The prescribed part is calculated as a percentage of net property, as follows:-
- | | |
|---------------------------------|---|
| Net property less than £10,000: | 50%, unless you think costs of distribution > benefit |
| Net property under £600,000: | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000. |
- 8.6 The maximum value of the ring-fenced proportion of the funds, is known as the "prescribed part", is £600,000.
- 8.7 Pursuant to the Director's Statement of Affairs it is anticipated that there will not be a Prescribed Part as Eurofactor (UK) Limited's liability will be satisfied in full from realisations of the assets subject to their specific charge.

Non Preferential Creditors

- 8.8 According to the Director's Statement of Affairs, non-preferential creditors total £804,472. The non-preferential creditors can be summarised as follows:

| | £ |
|---------------------------|----------------|
| Trade & Expense Creditors | 702,509 |
| HM Revenue & Customs | 101,963 |
| Total | 804,472 |

- 8.9 Based upon the current information available it is possible that there may be sufficient realisations to enable a distribution to the non-preferential creditors of the Company, subject to book debt realisations.

9. EC REGULATION

- 9.1 EC Regulations apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England within the EC.

10. CREDITORS' MEETING

- 10.1 In accordance with Paragraph 51 of Schedule B1 to the Insolvency Act 1986, a creditors meeting will be held at Bridge Business Recovery LLP at 2.30pm on 8 September 2009 at 3rd Floor, 39-45 Shaftesbury Avenue, London, W1D 6LA. A notice of the meeting of creditors is enclosed with this report at Appendix 7. We have enclosed a proof of debt form and a proxy form, in Appendix 8 and 9, for the purpose of that meeting.
- 10.2 The purpose of this meeting is to vote on the Joint Administrators' proposals as outlined in section 12 of this report.

11. END OF THE ADMINISTRATION

- 11.1 The options available to the Joint Administrators for the exit from the Administration are as follows:
- Compulsory Winding Up
 - Creditors' Voluntary Liquidation
 - Company Voluntary Arrangement
 - Return of control to the Director
 - Deregistration of Company (i.e. striking off the Companies House register)
- 11.2 Due to the prospects of a distribution to non-preferential creditors, the Joint Administrators believe that the most appropriate exit route from administration is via a Creditors' Voluntary Liquidation.

12. JOINT ADMINISTRATORS' PROPOSALS

12.1 The Joint Administrators propose the following:

- 12.1.1 The Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
- 12.1.2 The Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
- 12.1.3 To seek an extension to the Administration period if deemed necessary by the Joint Administrators.
- 12.1.4 When it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, to take the necessary steps to put the Company into either Creditors' Voluntary Liquidation, Company Voluntary Arrangement or into Compulsory Liquidation as deemed appropriate by the Joint Administrators. It is proposed that James Bradney and Andrew Duncan of Bridge Business Recovery would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation.
- 12.1.5 In the event that a Company Voluntary Arrangement is proposed, the Arrangement will be considered on its merits by the Voluntary Arrangements Service. Acceptance of the Administrator's proposals at this stage does not therefore imply acceptance of any Voluntary Arrangement proposals that may be put forward as a consequence.
- 12.1.6 In the event that the Joint Administrators form the view that the exit options identified in proposal 12.1.4 and 12.1.5 above are inappropriate, then, in due course, the Joint Administrators will apply provisions at Paragraph 84 of Schedule B1 to the Insolvency Act 1986 enabling the Company to move from Administration to Dissolution. This will be conditional on the completion of all necessary investigations into the Director's affairs and no deemed distribution to creditors at the end of the Administration period.
- 12.1.7 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration.
- 12.1.8 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration.
- 12.1.9 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.
- 12.1.10 That the Joint Administrators be authorised to instruct and pay The Counting House LLP to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary.
- 12.1.11 In accordance with Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of the revised proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators.

13. OTHER MATTERS

- 13.1 If any creditor has any information concerning the Company's affairs that they would like to bring to our attention, then we should be pleased to hear from them.

If you require further information or assistance, please do not hesitate to contact my colleague James Carr on 0207 025 6144.



James Bradney
Joint Administrator

Enc.

APPENDIX 1

STATUTORY INFORMATION

| | | |
|-------------------------------|--|---|
| Date of Incorporation | 30 August 1996 | |
| Registered Number | 03244293 | |
| Company Directors | Philip Matthew Artus Alexander James Hanbury Duggan Robert Andrew Gray Richard James Lenton Anton Marcel Mercier Richard Austin Wiffen | |
| Company Secretary | Philip Matthew Artus | |
| Shareholders | Anton Marcel Mercier – 57 Ordinary A Shares Robert Andrew Gray – 57 Ordinary A Shares Alexander James Hanbury Duggan – 133 Ordinary C Shares Phillip Matthew Artus – 133 Ordinary C Shares Richard James Lenton – 20 Ordinary D Shares Richard Austin Wiffen – 13 Ordinary D Shares | |
| Registered Office | Current: | Formerly: |
| | 3 rd Floor 39-45 Shaftsbury Avenue London W1D 6LA | 55 High Street Epsom Surrey KT19 8DH |
| Former Trading Address | 55 High Street Epsom Surrey KT19 8DH | |
| Previous Company Name | Passion For Life Products Limited (changed 12 December 2002) | |
| Charges | Eurofactor (UK) Limited All Assets Debenture 24 June 2009 Wyndham Leigh Limited Rent Deposit Deed 10 April 2000 Pet Protect Limited Rent Deposit Limited 24 September 2001 | |

Financial Information

| | Abbreviated Balance Sheet as at 31 May 2008 | Abbreviated Balance Sheet as at 31 May 2007 |
|---|---|---|
| | £ | £ |
| Fixed Assets | 108,886 | 109,462 |
| Current Assets | 2,027,325 | 1,741,521 |
| Total Assets | 2,136,211 | 1,850,983 |
| Creditors: amounts falling due within one year | (1,610,410) | (1,488,301) |
| Creditors: amounts falling due after more than one year | - | - |
| Total Liabilities | (1,610,410) | (1,488,301) |
| Net Assets/(Liabilities) | 525,801 | 362,682 |
| Called Up Share Capital | 405 | 405 |
| Share Premium Account | 52,465 | 52,465 |
| Net retained profit/loss | 472,931 | 309,812 |
| Shareholder Funds | 525,801 | 362,682 |

APPENDIX 2

Receipts and Payments Summary By Account: BR1156 - Passion For Life Healthcare Limited In Administration

· All Bank, Cash and Cash Investment Accounts: From: 01/07/2009 To: 24/08/2009

RECEIPTS

| | Amount £ |
|---|------------------|
| Debtors (Non-Trading)(Post-Appointment) | 50.00 |
| Intellectual Property | 20,833.00 |
| Stock/Inventory on Hand | 14,414.81 |
| Total Receipts | 35,297.81 |

PAYMENTS

| | Amount £ |
|--------------------------------|--------------------|
| Debt Collection Fees | (12,837.12) |
| Total Payments | (12,837.12) |
| Net Receipts (Payments) | 22,460.69 |

APPENDIX 3

Passion For Life Healthcare Limited
Statement of Affairs as at 1 July 2009

A - Summary of Assets

| Assets | Book Value £ | Estimated to Realise £ |
|--|-------------------------|-----------------------------------|
| Assets subject to specific charge | | |
| Book Debts | 514,951 | 386,213 |
| Less: Eurofactor (UK) Limited | | (367,740) |
| Surplus / (Deficiency) regards assets subject to a specific charge | | <u>18,473</u> |
| Assets subject to fixed charge | | |
| Goodwill and Intellectual Property | 67,933 | 36,588 |
| Less: Eurofactor (UK) Limited | | Nil |
| Surplus / (Deficiency) regards assets subject to a fixed charge | | <u>36,588</u> |
| Assets subject to floating charge: | | |
| Stock | 642,649 | 91,792 |
| Premises Deposit | 25,300 | 25,300 |
| Equipment | 24,901 | 13,412 |
| | | <u>130,504</u> |
| Estimated total assets available for preferential creditors | | <u><u>185,565</u></u> |

Passion For Life Healthcare Limited
Statement of Affairs as at 1 July 2009

A1 - Summary of Liabilities

| | | Estimated to Realise £ |
|--|-----------|---------------------------|
| <hr/> | | |
| Estimated total assets available for preferential creditors (Carried from Page A) | | 185,565 |
| Liabilities | | |
| Preferential Creditors:- | | |
| Employees | Nil | Nil |
| | | <hr/> |
| Estimated deficiency/surplus as regards preferential creditors | | 185,565 |
| Estimated prescribed part of net property where applicable (to carry forward) | | Nil |
| Estimated total assets available for floating charge holders | | 185,565 |
| Debts secured by floating charges | | |
| Eurofactor (UK) Limited | Nil | 0 |
| | | <hr/> |
| Estimated deficiency/surplus of assets after floating charges | | 185,565 |
| | | <hr/> |
| Estimated prescribed part of net property where applicable (brought down) | | Nil |
| Total assets available to unsecured creditors | | 185,565 |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | | |
| Shortfall to preferential creditors (brought down) | NIL | |
| Trade and Expense Creditors | (702,509) | |
| H M Revenue & Customs | (101,963) | |
| | | <hr/> |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | | (804,471) |
| | | <hr/> |
| Estimated deficiency/surplus as regards creditors | | (618,906) |
| Issued and called up capital | | |
| Ordinary Shareholders | (413) | (413) |
| | | <hr/> |
| Estimated total deficiency/surplus as regards members | | (619,319) |

APPENDIX 4

Creditor Listing

BR1156 - Passion For Life Healthcare Limited In Administration

All Creditors

SECURED CREDITORS

| Creditor Name | Address | SOA |
|------------------------------|---|--------------|
| Eurofactor (UK) Limited | Bellerive House, 3 Mulrfield Crescent, Docklands London E14 9SZ | 367,739.96 |
| Totals for Secured Creditors | | 1 367,739.96 |

UNSECURED CREDITORS

| Creditor Name | Address | SOA |
|--|--|-----------|
| AAH Pharmaceuticals Limited | Sapphire Court, Walsgrave Business Park Walsgrave Triangle Coventry | 4,112.50 |
| Accentiv' House SAS | 3 Villa Thoreton, 75015 Paris | 4,750.20 |
| Active Fire Safety Ltd | 23 Wootton Drive, Hemel Hempstead Hertfordshire | 46.00 |
| Baratoux Jean-Loic | 5 Rue Condorcet, 92400 Courbevoie France | 3,424.80 |
| Barclays Commercial Bank | Churchill Plaza, Churchill Way, Basingstoke Hampshire RG21 7GP | 0.00 |
| Biodin BV | P O Box 95, 2600 AB Delft NETHERLANDS | 21,593.54 |
| BioFilm Ltd | 2 Bell Drive, Hamilton International Tech Park Blantyre | 6,434.55 |
| BlackandGold | 128 rue de Rivoli, 75001 Paris France | 1,712.40 |
| Bleuvert - Groupe Publicis | 22 Rue Seguin, 69002 Lyon France | 10,886.60 |
| Blue Ocean | Cams Hall Estate, Fareham Hampshire | 3,910.30 |
| Blufarm Group SPA | Strada Provinciale Rivoltana, 1420060 Vignate MI ITALY 1420060 VI | 5,371.57 |
| Boots UK Limited | Sales Ledger Sales Accounting, D90 East 1 Thane Road West Nottingham | 40,502.64 |
| Clark Electrical Industries L | Electrocure House, Unit 1E Cody Business Centre Cody Road London | 288.54 |
| Comp-Pay co uk | 13 Glenmore Road, Minehead | 44.86 |
| Corbett Keeling Ltd | 13 St Smithins Lane London EC4N 8AL | 892.60 |
| Darley Limited | Wellington Road, Burton upon Trent Staffordshire | 453.08 |
| Dentifritz Consulting | Wingertstr 21, , D-53507 Dernau Germany | 17,141.14 |
| Dentifritz Consulting | Wingertstr 21, , D-53507 Dernau Germany | 1,648.19 |
| Direct Movers | First Floor, 1 Lower Road Sutton | 2,037.72 |
| Ebsa | sa - 47 rue du 31 December, P O Box 6319 1211 Geneva 6 SWITZERLAND | 3,314.11 |
| Ebsa | sa - 47 rue du 31 December, P O Box 6319 1211 Geneva 6 SWITZERLAND | 218.16 |
| Epsom & Ewell Borough Council | Town Hall, The Parade Epsom Surrey | 15,328.00 |
| Euler Trade Indemnity | Norfolk House, 7 Norfolk Street Manchester | 1,185.00 |
| Euro RSCG | 37 41 rue Guibal, BP50103 13303 Marseille Cedex FRANCE | 24,279.43 |
| Europa-Worldwide | Europa House , 68 Halley Road Erith Kent | 8,048.68 |
| Federal Express Europe Inc | P O Box 119, Coventry | 86.61 |
| Fusion Building Consultancy | Mileston house, Millbrook Guildford Surrey | 885.50 |
| Geodis UK Limited | PO Box 92, Coronation Road High Wycombe HP12 3TW Bucks | 245.53 |
| Greener World Limited | Greener World House, Unit 2 Deseronto Trading Estate St Marys Road Langley Berkshire | 210.45 |
| HM Revenue & Customs (Corporation Tax) | Voluntary Arrangement Service , Durrington Bridge House, Barrington Road Worthing BN12 4SE | 21,637.02 |
| HM Revenue & Customs (PAYE) | Durrington Bridge House, Barrington Road, Worthing West Sussex BN12 4SE | 65,909.61 |
| HM Revenue & Customs (VAT) | Kingston DMB, 14th Floor Tolworth Tower, Ewell Road, Surbiton Surrey KT6 7JH | 14,416.00 |
| IMS Consumer Health | Dorfplatz 4, 6330 cham Switzerland | 14,987.51 |
| Ink Publishing | 141-143 Shoreditch High Street, LONDON | 730.25 |
| Lichtenheldt GmbH | Industriestrasse 7-9, D-23812 Wahlenstedt GERMANY | 44,442.78 |
| Macfarlane Labels Ltd | 22 Bentinck Street, Kilmarnock | 374.90 |

| | | |
|-------------------------------|--|------------|
| Mando Corporation Limited | The Corner Building, Faraday Road Aylesbury HP19 8TY Buckinghamshire | 14,966.39 |
| Marcus King & Co | City House, Monks Way London NW11 0AF | 44,015.29 |
| MBNA Europe Bank Limited | Chester Business Park, Wrexham Road Chester CH4 9FB | 6,158.91 |
| MeadWestvaco Healthcare Pckng | 84 85 Lagan Road, Dublin Industrial Estate Glasvenin Dublin 11 | 2,820.00 |
| Medifill UK Ltd | 59 Third Avenue, Deeside Industrial Park Deeside Flintshire United Kingdom | 6,427.45 |
| Mr R A Gray | Flint House, Blackhorse Lane South Mymms Herts | 0.04 |
| National Candida Society | PO Box 151, Orpington Kent | 150.00 |
| Nexus Print | 6 Arena House, 31 Regent Street Brighton | 711.85 |
| Novotel Atria Paris Charenton | 5 Place des Marseillais, 94227, Charenton le pont Cedex France | 273.98 |
| Ocado Limited | Accounts Receivable, Titan Court Bishops Square Hatfield Business Park Hatfield | 172.50 |
| OMD | 15 Avenue Andre Morizet, 92100 Boulogne Billancourt FRANCE | 2,110.11 |
| Pfeiffer | Oeschlestrasse 54-56, D-78315 Radolfzell GERMANY | 44,673.77 |
| Pharmaster | ZI de Krafft, 67150 Erstein FRANCE | 2,777.52 |
| Pitney Bowes Limited | PO Box 4238, Elizabeth Way Harlow Essex | 55.50 |
| PUBLICIS ACTIV | 207 Cours du Medoc, CS10015 33070 BORDEAUX cedex FRANCE | 8,919.90 |
| RNP | 15 Rue DE Lancienne Mairie, 92641 Boulogne-Billancourt Cedex FRANCE | 7,372.92 |
| Sainsburys Supermarkets Ltd | Norwich House, 9-11 Streatham High Road Streatham London | 52.19 |
| Saint-Gobain | c/o Coface, Egale 1, 80 St Albans Watford WD17 1RP | 22,888.03 |
| SOGEC Gestion | 17 avenue du Quebec, 91140 Villebon sur Yvette FRANCE | 8,899.86 |
| Solution1 Ltd | 205-207 City Road, London | 305.81 |
| Technik Recruitment Ltd | 40 Anyards Road, Cobham Surrey KN1 2LA | 2,300.00 |
| Teva Classics | Immeuble le Palatin n 1, 1 cours du Triangle 92936 Paris La Defense FRANCE | 267,254.75 |
| The Creative Pulse Ltd | 2 West Street, Epsom | 3,070.50 |
| The Miles Goup Ltd | Fitzwilliam House, 84 Fitzwilliam Street Huddersfield West Yorkshire | 1,479.68 |
| United 2008 LLP | 2 Chartmoor Road, Chartwell Business Park Leighton Buzzard Beds | 568.06 |
| Weboptimiser Media Ltd | C/O Bardays, Assets & Sales Finance, Churchill Plaza, Churchill Way, Basingstoke Hampshire RG21 7GP | 14,156.50 |
| Wey Group International Ltd | Premier House, Unit 7C, 111 Chertsey Road Byfleet KT14 7AX | 339.44 |

Totals for Unsecured Creditors

Totals for All Creditors:

| | |
|----|--------------|
| 64 | 804,471.72 |
| 65 | 1,172,211.68 |

APPENDIX 5

Passion For Life Healthcare Limited
(In Administration)

Joint Administrators' professional fees analysis

From 1 July 2009 to 24 August 2009

| Classification of work function | Hours | | | | | Time Cost £ | Average hourly rate £ |
|--|-------------|-------------|---------------------|------------------------------|-------------|---------------|-----------------------|
| | Partner | Manager | Case Administrators | Assistants and support staff | Total hours | | |
| Administration | 5.8 | 12.3 | 10.6 | - | 28.5 | 8,759 | 237 |
| Investigations | 1.8 | - | - | - | 1.8 | 450 | 250 |
| Realisation of assets | 3.0 | - | 4.2 | - | 7.2 | 1,667 | 231 |
| Trading | - | - | - | - | - | - | - |
| Creditors | 4.7 | 6.0 | 12.8 | 3.5 | 26.8 | 5,604 | 209 |
| Case Specific | - | - | - | - | - | - | - |
| Total hours | 15.1 | 18.3 | 27.4 | 3.5 | 64.3 | | |
| Total costs to 24 August 2009 (£) | | | | | | 14,479 | 225 |

Disbursements (£) 350.00

The above headings include inter alia:-

| | |
|--|--|
| Administration Case planning Appointment notification Maintenance of records Statutory reporting Tax & VAT | Investigations SIP2 review Reports pursuant to Company Directors Disqualification Act 1986 Investigating antecedent transactions |
| Realisations of Assets Identifying and securing assets Debt collection Property, business and asset sales | Creditors Communications with creditors Creditors' claims (including secured creditors, employees and preferential creditors) |

ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1. Charge-out Rates

A schedule of Bridge Business Recovery charge out rates exclusive of VAT is as follows:

| | (per hour) £ |
|----------------------------|-----------------|
| Partners | 290 - 375 |
| Managers | 225 - 250 |
| Seniors/Administrators | 100 - 225 |
| Assistants & Support Staff | 90 |

2. Direct Expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. 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.

3. Indirect Expenses ("Category 2 Disbursements")

These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder and do require approval from creditors. It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case where appropriate.

Basis of Charging Category 2 Disbursements and Expenses

| Plain/headed paper | 25p per sheet |
|-------------------------------|---------------|
| Photocopying | 6p per sheet |
| Envelopes | 25p each |
| Postage (depending on weight) | Actual Cost |

APPENDIX 6

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

- 1.1** When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1** Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1** The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1** The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above.

To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

24 August 2009

Our ref: JB/JC/BR1156/427755

TO ALL KNOWN CREDITORS

Dear Sirs

Passion For Life Healthcare Limited In Administration

I refer to my letter dated 10 July 2009 advising of my appointment as Joint Administrator on 1 July 2009, together with my partner Andrew Duncan.

The purpose of an administration is to achieve the following hierarchical objectives:

- a) rescuing the Company as a going concern, or
- b) achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
- c) realising property in order to make a distribution to one or more secured or preferential creditors.

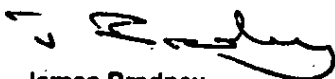
In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986, a creditors' meeting has been convened at 3rd Floor, 39-45 Shaftsbury Avenue, London, W1D 6LA on 8 September 2009 at 2.30pm.

The purpose of this meeting is to consider the Joint Administrators' proposals and if thought appropriate to establish a committee of creditors.

Please find attached my proposals and report to creditors. A proof of debt is enclosed in the appendix of the report, which should be sent to Bridge Business Recovery.

In the interim, should you have any queries please contact James Carr of this office.

Yours faithfully
For and on behalf of
Passion For Life Healthcare Limited



James Bradney
Joint Administrator

Enc.

The Joint-Administrators act as agents of the company and without personal liability.
The affairs, business and property of the company are being managed by the Joint Administrators, James Bradney and Andrew Duncan.

**Passion For Life Healthcare Limited
(In Administration)**

**Joint Administrators' Report and Proposals to Creditors
pursuant to Paragraph 49 of Schedule B1
to the Insolvency Act 1986**

24 August 2009

Names of Joint Administrators: James Bradney
Andrew Duncan

Date of Appointment: 1 July 2009

Date of Report: 24 August 2009

Appointed by The Directors

Court Reference: Guildford County Court no. 057 of 2009

Bridge Business Recovery
3rd Floor
39-45 Shaftesbury Avenue
London
W1D 6LA

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1. Introduction
2. Background
3. Events leading up to the Administration
4. Purpose of the Administration
5. Progress of the Administration to date
6. Statement of Affairs
7. Joint Administrators' remuneration
8. Dividend prospects / Prescribed Part
9. EC Regulation
10. Creditors' meeting
11. End of the Administration
12. Joint Administrators' proposals
13. Other matters

APPENDICES

1. Statutory information
2. Receipts and Payments Account
3. Statement of Affairs
4. Schedule of creditors
5. Schedule of Joint Administrators' time costs
6. Creditors' guide to Administrators' fees
7. Notice of meeting
8. Proof of debt
9. Proxy form

1. INTRODUCTION

- 1.1 James Bradney and Andrew Duncan of Bridge Business Recovery were appointed Joint Administrators of Passion For Life Healthcare Limited ("the Company") on 1 July 2009 by the Directors of the Company pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986. Eurofactor (UK) Limited, the holder of a qualifying floating charge over the assets of the Company, consented to the appointment.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This report to creditors sets out the circumstances leading up to the appointment of the Administrators and the steps taken by them to date.
- 1.4 You should complete the Proxy and Proof of Debt forms at Appendix 8 and return them to our offices.

2. BACKGROUND

- 2.1 The Company was incorporated on 30 August 1996.
- 2.2 Statutory information on the Company and further information concerning its financial position is included within Appendices.
- 2.3 The trading address of the Company was 55 High Street, Epsom, Surrey, KT19 8DH. The registered office of the Company has been changed from 55 High Street, Epsom, Surrey, KT19 8DH to 3rd Floor, 39-45 Shaftsbury Avenue, London, W1D 6LA for the purposes of the Administration.
- 2.4 The Company was founded by Alex Duggan and Philip Artus, who remain Directors of the Company.
- 2.5 The Company was originally set up to distribute vitamins and other healthcare products in the United Kingdom to large chain stores such as Boots, Superdrug and Tesco.
- 2.6 Since 2000, when the product Snoreeze was introduced to the Company's product range, the Company pioneered and led the snoring relief category. It developed the brand portfolio through market and clinical research led innovation into a customer offering which was believed to be superior to its competitors.
- 2.7 The Snoreeze portfolio has four presentations: two oral applications, being a throat spray and oral strips and two nasal applications, being nasal strips and a nasal spray.
- 2.8 Snoreeze was established as one of the three leading brands in the industry. By implementing a European strategy, significant positions were obtained in Europe's top five markets. At its peak the range of products was distributed in over 30 European countries.
- 2.9 In the year ended 31 December 2008, the Snoreeze brand generated gross sales of € 7.8 million across Europe. However, this level of sales was not maintained through out 2009.
- 2.10 The Company has also developed a range of products called Peditech. Peditech is an antibacterial formula that kills the bacteria responsible for foot odour. The Company owned the intellectual property rights to both this product and Snoreeze.
- 2.11 The Company continued to distribute other imported products to the United Kingdom. These products included 'Bio Fem' and 'Audiclean'.

3. EVENTS LEADING UPTO THE ADMINISTRATION

- 3.1 The Company suffered a near 50% reduction in turnover from autumn 2008. This was due to the worldwide financial crisis and the subsequent recession causing overseas distributors to reduce order levels and 'de-stock.'
- 3.2 The Directors took steps to reduce costs by making staff redundancies, but were unable to reduce costs in line with the sudden and dramatic fall in turnover.
- 3.3 Towards the end of 2008, the Directors approached various parties in order to discuss the sale of the Company and its assets. In September 2008, the Company appointed Corbett Keeling, a merchant bank, to manage the sale process with the assistance of Present Value, a firm with specific over the counter brand experience. From a list of 80 potential purchasers, 35 were sent initial invitation letters in October 2008 with sales packs being distributed as appropriate. Despite extending the deadline for submission for offers to mid January 2009, no offers were forthcoming.
- 3.4 The Directors had realised the Company was under severe financial stress. It was clear the Company could not survive without a further injection of capital which the shareholders were unable to provide. The Company was offered the opportunity to extend its overdraft with the bank but the additional funds being made available would have still proved insufficient to ease the creditor pressure. Bridge Business Recovery were subsequently instructed to advise on the financial position of the Company.
- 3.5 Andrew Duncan and James Bradney were duly appointed as Joint Administrators on 1 July 2009.

4. PURPOSE OF THE ADMINISTRATION

- 4.1 The purpose of an Administration is to achieve the following hierarchical objective:
- Rescuing the Company as a going concern, or
 - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 4.2 The Joint Administrators do not believe that the first objective was achievable as it was not possible to rescue the Company. However, by selling the business as a going concern the second objective of an Administration has been achieved.
- 4.3 Liquidation was discounted as an option as the costs of realising the tangible assets would have risen significantly whilst the break up values diminished. Trade debtors would have proved more difficult to collect, as the business would have ceased to trade. Employees would have been dismissed to hereby creating additional claims on the Company and the goodwill and work in progress realisations would have been prejudiced.

5. PROGRESS OF THE ADMINISTRATION TO DATE

- 5.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed and financed are set out below.

Strategy

- 5.2 Prior to our appointment, it was evident that the Company was insolvent on a cash flow basis and the Company would need the protection of an Administration in the very short term.
- 5.3 Having established that an Administration was inevitable, the option of trading the business in Administration was considered but this was not feasible as the Company's lease had expired and the factoring Company was not willing to provide an invoice discounting facility post-appointment. It was also anticipated that significant trading losses would be incurred during this period. The Joint Administrators formed the view that once competitors and customers became aware of the Company's problems the value in the goodwill would quickly be destroyed.
- 5.4 It was clear that in order to preserve any value in the business and assets, including a substantial debtor book, that a sale of the business and assets needed to be concluded in the near future on a pre-packaged basis.
- 5.5 The business and assets of the Company were valued by an independent firm of valuers and agents on both a going concern and forced sale basis. The eventual going concern sale consideration detailed below exceeded these valuations and the transaction was recommended by the valuer.
- 5.6 In light of the marketing attempts done prior to the Joint Administrators appointment, the view was formed that an additional marketing campaign would not be worthwhile.

Sale of the business and assets

- 5.7 Immediately upon our appointment, we took the decision to sell the business and assets of the Company as a going concern to Aria Healthcare Limited.
- 5.8 Aria Healthcare Limited is connected to the Company by way of common Directors and shareholders, Richard Wiffen and Alexander Duggan, and a common secured creditor, Eurofactor (UK) Limited. Mr Wiffen's and Mr Duggan's continued involvement in the business was crucial due to the client relationships and their ability to manage the sales pipeline.
- 5.9 Both Mr Wiffen and Mr Duggan have jointly and severally personally guaranteed the consideration due to the Company in respect of the sale of the business and assets. Aria Healthcare Limited has also granted the Company a debenture over the business and assets in respect of the consideration due.
- 5.10 Due to commercial reasons, no discussions were held with the Company's major creditors prior to the completion of the sale with the exception of Barclays Bank PLC. Barclays Bank PLC approved the proposed strategy and assigned the debtor ledger to Eurofactor (UK) Limited prior to the Administration once their liability had been settled.
- 5.11 A charge in favour of Eurofactor (UK) Limited was created on 24 June 2009 over the assets of the Company. Consent to the appointment of the Joint Administrators was provided by Eurofactor (UK) Limited on 1 July 2009.
- 5.12 The sale completed on 2 July 2009. The consideration was apportioned as follows:

| | |
|---------------------------------|----------------|
| | £ |
| Premises Deposit | 25,300 |
| Stock | 91,792 |
| Goodwill, Intellectual Property | 50,000 |
| Equipment and Work in Progress | |
| Total | 167,092 |

- 5.13 The consideration is to be paid in instalments with the last payment falling due on 31 December 2009.
- 5.14 The sale is not part of a wider transaction.

Employees

- 5.15 It was acknowledged by both parties that the contracts of employment of the employees would not be terminated by the sale of and purchase of the business and would continue to have effect as if originally made between the employees and Aria Healthcare Limited in accordance with the Transfer of Undertakings (Protection of Employment) Regulation 2006 ("TUPER").
- 5.16 Aria Healthcare Limited agreed to pay all outstanding wages and salary due to the employees and any income taxes and national insurances in relation to such employee claims. Aria Healthcare Limited agreed to indemnify the Company and the Joint Administrators fully and effectively against all claims in respect thereof.

Book Debts Assigned to Eurofactor (UK) Limited

- 5.17 Book debts that have been assigned to Eurofactor (UK) Limited have a book value of £514,951 and an estimated to realise value of £386,213. Aria Healthcare Limited were instructed to collect in the book debts on behalf of Eurofactor (UK) Limited.
- 5.18 An amount of £329,005 has been collected to date. A debt collection fee of 5% has been charged in relation to this recovery. It should be noted that outstanding liability due to Eurofactor (UK) Limited in respect of the UK account currently stands at £73,689 which includes the termination fee. The European account is currently in surplus funds with a credit balance of £55,056.
- 5.19 The outstanding ledgers total £179,699 which shall continue to be collected in the Administration.

Investigations

- 5.20 An investigation is currently being carried out into the management of the Company and the causes of failure.
- 5.21 A report into the conduct of the Directors will be submitted to the Department for Business Enterprise and Regulatory Reform in due course. The contents of this report are confidential.

Receipts and Payments

- 5.19 A detailed Receipts and Payments Account is shown in Appendix 2, the contents of which are self explanatory.
- 5.20 An amount of £12,837 has been paid to Aria Healthcare Limited in respect of a 5% debt collection fee on the first £256,740 of book debts collected.

6. STATEMENT OF AFFAIRS

- 6.1 In accordance with Paragraph 47 of Schedule B1 to the Insolvency Act 1986 the Joint Administrators requested that the Directors provide them with a statement of the affairs of the Company.
- 6.2 The Joint Administrators have assisted the Directors in the preparation of the Statement of Affairs based on information provided from the Company's financial records.

- 6.3 The Directors' Statement of Affairs was verified and signed on 21 August 2009 and is attached at Appendix 3. This shall be filed at Companies House. The Joint Administrators do not consider the contents to be unreasonable.
- 6.4 A schedule of creditors' names and addresses is attached at Appendix 4. Some creditor amounts shown may differ from the actual amount owed. This does not affect their claim.

7. JOINT ADMINISTRATORS' REMUNERATION

- 7.1 In accordance with Rule 2.106 of the Insolvency Rules 1986, as amended, it is proposed that the basis upon which the Joint Administrators' remuneration should be fixed, is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 7.2 The Joint Administrators' time costs for the period 1 July 2009 up to and including 24 August 2009 totalled £14,479. A schedule of these time costs is set out at Appendix 5.
- 7.3 To date, no remuneration has been drawn by the Joint Administrators.
- 7.4 A Creditors' guide to Administrators' fees is attached to the report at Appendix 6.

8. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

- 8.1 Eurofactor (UK) Limited hold a fixed and floating charge over the assets of the Company.
- 8.2 Pursuant to the Directors' Statement of Affairs it is anticipated that the Eurofactor (UK) Limited's debt, totalling £367,740, will be fully recovered via the debt collection that has been assigned to them.

Preferential Creditors

- 8.3 No claims from preferential creditors have been received and none are expected.

Prescribed Part

- 8.4 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003 a prescribed part of the company's net property shall be made available to unsecured creditors.
- 8.5 The prescribed part is calculated as a percentage of net property, as follows:-
- | | |
|---------------------------------|---|
| Net property less than £10,000: | 50%, unless you think costs of distribution > benefit |
| Net property under £600,000: | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000. |
- 8.6 The maximum value of the ring-fenced proportion of the funds, is known as the "prescribed part", is £600,000.
- 8.7 Pursuant to the Director's Statement of Affairs it is anticipated that there will not be a Prescribed Part as Eurofactor (UK) Limited's liability will be satisfied in full from realisations of the assets subject to their specific charge.

Non Preferential Creditors

- 8.8 According to the Director's Statement of Affairs, non-preferential creditors total £804,472. The non-preferential creditors can be summarised as follows:

| | £ |
|---------------------------|----------------|
| Trade & Expense Creditors | 702,509 |
| HM Revenue & Customs | 101,963 |
| Total | 804,472 |

- 8.9 Based upon the current information available it is possible that there may be sufficient realisations to enable a distribution to the non-preferential creditors of the Company, subject to book debt realisations.

9. EC REGULATION

- 9.1 EC Regulations apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England within the EC.

10. CREDITORS' MEETING

- 10.1 In accordance with Paragraph 51 of Schedule B1 to the Insolvency Act 1986, a creditors meeting will be held at Bridge Business Recovery LLP at 2.30pm on 8 September 2009 at 3rd Floor, 39-45 Shaftesbury Avenue, London, W1D 6LA. A notice of the meeting of creditors is enclosed with this report at Appendix 7. We have enclosed a proof of debt form and a proxy form, in Appendix 8 and 9, for the purpose of that meeting.
- 10.2 The purpose of this meeting is to vote on the Joint Administrators' proposals as outlined in section 12 of this report.

11. END OF THE ADMINISTRATION

- 11.1 The options available to the Joint Administrators for the exit from the Administration are as follows:
- Compulsory Winding Up
 - Creditors' Voluntary Liquidation
 - Company Voluntary Arrangement
 - Return of control to the Director
 - Deregistration of Company (i.e. striking off the Companies House register)
- 11.2 Due to the prospects of a distribution to non-preferential creditors, the Joint Administrators believe that the most appropriate exit route from administration is via a Creditors' Voluntary Liquidation.

12. JOINT ADMINISTRATORS' PROPOSALS

12.1 The Joint Administrators propose the following:

- 12.1.1 The Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
- 12.1.2 The Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
- 12.1.3 To seek an extension to the Administration period if deemed necessary by the Joint Administrators.
- 12.1.4 When it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, to take the necessary steps to put the Company into either Creditors' Voluntary Liquidation, Company Voluntary Arrangement or into Compulsory Liquidation as deemed appropriate by the Joint Administrators. It is proposed that James Bradney and Andrew Duncan of Bridge Business Recovery would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation.
- 12.1.5 In the event that a Company Voluntary Arrangement is proposed, the Arrangement will be considered on its merits by the Voluntary Arrangements Service. Acceptance of the Administrator's proposals at this stage does not therefore imply acceptance of any Voluntary Arrangement proposals that may be put forward as a consequence.
- 12.1.6 In the event that the Joint Administrators form the view that the exit options identified in proposal 12.1.4 and 12.1.5 above are inappropriate, then, in due course, the Joint Administrators will apply provisions at Paragraph 84 of Schedule B1 to the Insolvency Act 1986 enabling the Company to move from Administration to Dissolution. This will be conditional on the completion of all necessary investigations into the Director's affairs and no deemed distribution to creditors at the end of the Administration period.
- 12.1.7 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration.
- 12.1.8 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration.
- 12.1.9 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.
- 12.1.10 That the Joint Administrators be authorised to instruct and pay The Counting House LLP to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary.
- 12.1.11 In accordance with Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of the revised proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators.

13. OTHER MATTERS

- 13.1 If any creditor has any information concerning the Company's affairs that they would like to bring to our attention, then we should be pleased to hear from them.

If you require further information or assistance, please do not hesitate to contact my colleague James Carr on 0207 025 6144.



James Bradney
Joint Administrator

Enc.

APPENDIX 1

STATUTORY INFORMATION

| | | | | | | | | | | | |
|-------------------------------|--|----------|-----------|-----------------------|----------------|-------------------------|-------|--------|--------|---------|----------|
| Date of Incorporation | 30 August 1996 | | | | | | | | | | |
| Registered Number | 03244293 | | | | | | | | | | |
| Company Directors | Philip Matthew Artus Alexander James Hanbury Duggan Robert Andrew Gray Richard James Lenton Anton Marcel Mercier Richard Austin Wiffen | | | | | | | | | | |
| Company Secretary | Philip Matthew Artus | | | | | | | | | | |
| Shareholders | Anton Marcel Mercier – 57 Ordinary A Shares Robert Andrew Gray – 57 Ordinary A Shares Alexander James Hanbury Duggan – 133 Ordinary C Shares Phillip Matthew Artus – 133 Ordinary C Shares Richard James Lenton – 20 Ordinary D Shares Richard Austin Wiffen – 13 Ordinary D Shares | | | | | | | | | | |
| Registered Office | <table><tr><td>Current:</td><td>Formerly:</td></tr><tr><td>3rd Floor</td><td>55 High Street</td></tr><tr><td>39-45 Shaftsbury Avenue</td><td>Epsom</td></tr><tr><td>London</td><td>Surrey</td></tr><tr><td>W1D 6LA</td><td>KT19 8DH</td></tr></table> | Current: | Formerly: | 3 rd Floor | 55 High Street | 39-45 Shaftsbury Avenue | Epsom | London | Surrey | W1D 6LA | KT19 8DH |
| Current: | Formerly: | | | | | | | | | | |
| 3 rd Floor | 55 High Street | | | | | | | | | | |
| 39-45 Shaftsbury Avenue | Epsom | | | | | | | | | | |
| London | Surrey | | | | | | | | | | |
| W1D 6LA | KT19 8DH | | | | | | | | | | |
| Former Trading Address | 55 High Street Epsom Surrey KT19 8DH | | | | | | | | | | |
| Previous Company Name | Passion For Life Products Limited (changed 12 December 2002) | | | | | | | | | | |
| Charges | Eurofactor (UK) Limited All Assets Debenture 24 June 2009 Wyndham Leigh Limited Rent Deposit Deed 10 April 2000 Pet Protect Limited Rent Deposit Limited 24 September 2001 | | | | | | | | | | |

Financial Information

| | Abbreviated Balance Sheet as at 31 May 2008 | Abbreviated Balance Sheet as at 31 May 2007 |
|---|---|---|
| | £ | £ |
| Fixed Assets | 108,886 | 109,462 |
| Current Assets | 2,027,325 | 1,741,521 |
| Total Assets | 2,136,211 | 1,850,983 |
| Creditors: amounts falling due within one year | (1,610,410) | (1,488,301) |
| Creditors: amounts falling due after more than one year | - | - |
| Total Liabilities | (1,610,410) | (1,488,301) |
| Net Assets/(Liabilities) | 525,801 | 362,682 |
| Called Up Share Capital | 405 | 405 |
| Share Premium Account | 52,465 | 52,465 |
| Net retained profit/loss | 472,931 | 309,812 |
| Shareholder Funds | 525,801 | 362,682 |

APPENDIX 2

Receipts and Payments Summary By Account: BR1156 - Passion For Life Healthcare Limited In Administration

All Bank, Cash and Cash Investment Accounts: From: 01/07/2009 To: 24/08/2009

RECEIPTS

| | Amount £ |
|---|------------------|
| Debtors (Non-Trading)(Post-Appointment) | 50.00 |
| Intellectual Property | 20,833.00 |
| Stock/Inventory on Hand | 14,414.81 |
| Total Receipts | 35,297.81 |

PAYMENTS

| | Amount £ |
|--------------------------------|--------------------|
| Debt Collection Fees | (12,837.12) |
| Total Payments | (12,837.12) |
| Net Receipts (Payments) | 22,460.69 |

APPENDIX 3

Passion For Life Healthcare Limited
Statement of Affairs as at 1 July 2009

A - Summary of Assets

| Assets | Book Value £ | Estimated to Realise £ |
|--|-------------------------|-----------------------------------|
| Assets subject to specific charge | | |
| Book Debts | 514,951 | 386,213 |
| Less: Eurofactor (UK) Limited | | (367,740) |
| Surplus / (Deficiency) regards assets subject to a specific charge | | <u>18,473</u> |
| Assets subject to fixed charge | | |
| Goodwill and Intellectual Property | 67,933 | 36,588 |
| Less: Eurofactor (UK) Limited | | Nil |
| Surplus / (Deficiency) regards assets subject to a fixed charge | | <u>36,588</u> |
| Assets subject to floating charge: | | |
| Stock | 642,649 | 91,792 |
| Premises Deposit | 25,300 | 25,300 |
| Equipment | 24,901 | 13,412 |
| | | <u>130,504</u> |
| Estimated total assets available for preferential creditors | | <u><u>185,565</u></u> |

Passion For Life Healthcare Limited
Statement of Affairs as at 1 July 2009

A1 - Summary of Liabilities

| | | Estimated to Realise £ |
|--|-----------|---------------------------|
| Estimated total assets available for preferential creditors (Carried from Page A) | | 185,565 |
| Liabilities | | |
| Preferential Creditors:- | | |
| Employees | Nil | Nil |
| Estimated deficiency/surplus as regards preferential creditors | | 185,565 |
| Estimated prescribed part of net property where applicable (to carry forward) | | Nil |
| Estimated total assets available for floating charge holders | | 185,565 |
| Debts secured by floating charges | | |
| Eurofactor (UK) Limited | Nil | 0 |
| Estimated deficiency/surplus of assets after floating charges | | 185,565 |
| Estimated prescribed part of net property where applicable (brought down) | | Nil |
| Total assets available to unsecured creditors | | 185,565 |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | | |
| Shortfall to preferential creditors (brought down) | NIL | |
| Trade and Expense Creditors | (702,509) | |
| H M Revenue & Customs | (101,963) | |
| | | (804,471) |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | | (618,906) |
| Estimated deficiency/surplus as regards creditors | | (618,906) |
| Issued and called up capital | | |
| Ordinary Shareholders | (413) | (413) |
| Estimated total deficiency/surplus as regards members | | (619,319) |

APPENDIX 4

Creditor Listing

BR1156 - Passion For Life Healthcare Limited In Administration

All Creditors

SECURED CREDITORS

| Creditor Name | Address | SOA |
|------------------------------|---|--------------|
| Eurofactor (UK) Limited | Bellerive House, 3 Muirfield Crescent, Docklands London E14 9SZ | 367,739.96 |
| Totals for Secured Creditors | | 1 367,739.96 |

UNSECURED CREDITORS

| Creditor Name | Address | SOA |
|--|--|-----------|
| AAH Pharmaceuticals Limited | Sapphire Court, Walsgrave Business Park Walsgrave Triangle Coventry | 4,112.50 |
| Accentiv' House SAS | 3 Villa Thoreton, 75015 Paris | 4,750.20 |
| Active Fire Safety Ltd | 23 Wootton Drive, Hemel Hempstead Hertfordshire | 46.00 |
| Baratoux Jean-Loic | 5 Rue Condorcet, 92400 Courbevoie France | 3,424.80 |
| Barclays Commercial Bank | Churchill Plaza, Churchill Way, Basingstoke Hampshire RG21 7GP | 0.00 |
| Bioclin BV | P O Box 95, 2600 AB Delft NETHERLANDS | 21,593.54 |
| BioFilm Ltd | 2 Bell Drive, Hamilton International Tech Park Blantyre | 6,434.55 |
| BlackandGold | 128 rue de Rivoli, 75001 Paris France | 1,712.40 |
| Bleuvert - Groupe Publicis | 22 Rue Seguin, 69002 Lyon France | 10,886.60 |
| Blue Ocean | Cams Hall Estate, Fareham Hampshire | 3,910.30 |
| Blufarm Group SPA | Strada Provinciale Rivoltana, 1420060 Vignate MI ITALY 1420060 VI | 5,371.57 |
| Boots UK Limited | Sales Ledger Sales Accounting, D90 East 1 Thane Road West Nottingham | 40,502.64 |
| Clark Electrical Industries L | Electrocure House, Unit 1E Cody Business Centre Cody Road London | 288.54 |
| Comp-Pay co uk | 13 Glenmore Road, Minehead | 44.86 |
| Corbett Keeling Ltd | 13 St Smithins Lane London EC4N 8AL | 892.60 |
| Darley Limited | Wellington Road, Burton upon Trent Staffordshire | 453.08 |
| Dentifritz Consulting | Wingertstr 21, , D-53507 Dernau Germany | 17,141.14 |
| Dentifritz Consulting | Wingertstr 21, , D-53507 Dernau Germany | 1,648.19 |
| Direct Movers | First Floor, 1 Lower Road Sutton | 2,037.72 |
| Ebsa | sa - 47 rue du 31 December, P O Box 6319 1211 Geneva 6 SWITZERLAND | 3,314.11 |
| Ebsa | sa - 47 rue du 31 December, P O Box 6319 1211 Geneva 6 SWITZERLAND | 218.16 |
| Epsom & Ewell Borough Council | Town Hall, The Parade Epsom Surrey | 15,328.00 |
| Euler Trade Indemnity | Norfolk House, 7 Norfolk Street Manchester | 1,185.00 |
| Euro RSCG | 37 41 rue Guibal, BP50103 13303 Marseille Cedex FRANCE | 24,279.43 |
| Europa-Worldwide | Europa House , 68 Hailey Road Erith Kent | 8,048.68 |
| Federal Express Europe Inc | P O Box 119, Coventry | 86.61 |
| Fusion Building Consultancy | Mileston house, Millbrook Guildford Surrey | 885.50 |
| Geodis UK Limited | PO Box 92, Coronation Road High Wycombe HP12 3TW Bucks | 245.53 |
| Greener World Limited | Greener World House, Unit 2 Deseronto Trading Estate St Marys Road Langley Berkshire | 210.45 |
| HM Revenue & Customs (Corporation Tax) | Voluntary Arrangement Service , Durrington Bridge House, Barrington Road Worthing BN12 4SE | 21,637.02 |
| HM Revenue & Customs (PAYE) | Durrington Bridge House, Barrington Road, Worthing West Sussex BN12 4SE | 65,909.61 |
| HM Revenue & Customs (VAT) | Kingston DMB, 14th Floor Tolworth Tower, Ewell Road, Surbiton Surrey KT6 7JH | 14,416.00 |
| IMS Consumer Health | Dorfplatz 4, 6330 cham Switzerland | 14,987.51 |
| Ink Publishing | 141-143 Shoreditch High Street, LONDON | 730.25 |
| Lichtenheldt GmbH | Industriestrasse 7-9, D-23812 Wahlstedt GERMANY | 44,442.78 |
| Macfarlane Labels Ltd | 22 Bentinck Street, Kilmarnock | 374.90 |

| | | |
|-------------------------------|---|------------|
| Mando Corporation Limited | The Corner Building, Faraday Road Aylesbury HP19 8TY Buckinghamshire | 14,966.39 |
| Marcus King & Co | City House, Monks Way London NW11 0AF | 44,015.29 |
| MBNA Europe Bank Limited | Chester Business Park, Wrexham Road Chester CH4 9FB | 6,158.91 |
| MeadWestvaco Healthcare Pckng | 84 85 Lagan Road, Dublin Industrial Estate Glasvenin Dublin 11 | 2,820.00 |
| Medifill UK Ltd | 59 Third Avenue, Deeside Industrial Park Deeside Flintshire United Kingdom | 6,427.45 |
| Mr R A Gray | Flint House, Blackhorse Lane South Mymms Herts | 0.04 |
| National Candida Society | PO Box 151, Orpington Kent | 150.00 |
| Nexus Print | 6 Arena House, 31 Regent Street Brighton | 711.85 |
| Novotel Atria Paris Charenton | 5 Place des Marseillais, 94227, Charenton le pont Cedex France | 273.98 |
| Ocado Limited | Accounts Receivable, Titan Court Bishops Square Hatfield Business Park Hatfield | 172.50 |
| OMD | 15 Avenue Andre Morizet, 92100 Boulogne Billancourt FRANCE | 2,110.11 |
| Pfeiffer | Oeschlestrasse 54-56, D-78315 Radolfzell GERMANY | 44,673.77 |
| Pharmaster | ZI de Krafft, 67150 Erstein FRANCE | 2,777.52 |
| Pitney Bowes Limited | PO Box 4238, Elizabeth Way Harlow Essex | 55.50 |
| PUBLICIS ACTIV | 207 Cours du Medoc, CS10015 33070 BORDEAUX cedex FRANCE | 8,919.90 |
| RNP | 15 Rue DE Lancienne Mairie, 92641 Boulogne-Billancourt Cedex FRANCE | 7,372.92 |
| Sainsburys Supermarkets Ltd | Norwich House, 9-11 Streatham High Road Streatham London | 52.19 |
| Saint-Gobain | c/o Coface, Egale 1, 80 St Albans Watford WD17 1RP | 22,888.03 |
| SOGEC Gestion | 17 avenue du Quebec, 91140 Villebon sur Yvette FRANCE | 8,899.86 |
| Solution1 Ltd | 205-207 City Road, London | 305.81 |
| Technik Recruitment Ltd | 40 Anyards Road, Cobham Surrey KN1 2LA | 2,300.00 |
| Teva Classics | Immeuble le Palatin n 1, 1 cours du Triangle 92936 Paris La Defense FRANCE | 267,254.75 |
| The Creative Pulse Ltd | 2 West Street, Epsom | 3,070.50 |
| The Miles Goup Ltd | Fitzwilliam House, 84 Fitzwilliam Street Huddersfield West Yorkshire | 1,479.68 |
| United 2008 LLP | 2 Chartmoor Road, Chartwell Business Park Leighton Buzzard Beds | 568.06 |
| Weboptimiser Media Ltd | C/O Barclays, Assets & Sales Finance, Churchill Plaza, Churchill Way, Basingstoke Hampshire RG21 7GP | 14,156.50 |
| Wey Group International Ltd | Premier House, Unit 7C, 111 Chertsey Road Byfleet KT14 7AX | 339.44 |

| | | |
|---------------------------------------|-----------|---------------------|
| Totals for Unsecured Creditors | 64 | 804,471.72 |
| Totals for All Creditors: | 65 | 1,172,211.68 |

APPENDIX 5

Passion For Life Healthcare Limited
(In Administration)

Joint Administrators' professional fees analysis

From 1 July 2009 to 24 August 2009

| Classification of work function | Hours | | | | | Time Cost £ | Average hourly rate £ |
|--|-------------|-------------|---------------------|------------------------------|-------------|---------------|-----------------------|
| | Partner | Manager | Case Administrators | Assistants and support staff | Total hours | | |
| Administration | 5.6 | 12.3 | 10.6 | - | 28.5 | 6,759 | 237 |
| Investigations | 1.8 | - | - | - | 1.8 | 450 | 250 |
| Realisation of assets | 3.0 | - | 4.2 | - | 7.2 | 1,667 | 231 |
| Trading | - | - | - | - | - | - | - |
| Creditors | 4.7 | 6.0 | 12.6 | 3.5 | 26.8 | 5,604 | 209 |
| Case Specific | - | - | - | - | - | - | - |
| Total hours | 15.1 | 18.3 | 27.4 | 3.5 | 64.3 | | |
| Total costs to 24 August 2009 (£) | | | | | | 14,479 | 225 |

Disbursements (£) 350.00

The above headings include inter alia:-

Administration

Case planning
Appointment notification
Maintenance of records
Statutory reporting
Tax & VAT

Investigations

SIP2 review
Reports pursuant to Company
Directors Disqualification Act 1986
Investigating antecedent transactions

Realisations of Assets

Identifying and securing assets
Debt collection
Property, business and asset sales

Creditors

Communications with creditors
Creditors' claims (including secured creditors, employees and preferential creditors)

**ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES PURSUANT TO
STATEMENT OF INSOLVENCY PRACTICE 9**

1. Charge-out Rates

A schedule of Bridge Business Recovery charge out rates exclusive of VAT is as follows:

| | (per hour) £ |
|----------------------------|-----------------|
| Partners | 290 - 375 |
| Managers | 225 - 250 |
| Seniors/Administrators | 100 - 225 |
| Assistants & Support Staff | 90 |

2. Direct Expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. 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.

3. Indirect Expenses ("Category 2 Disbursements")

These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder and do require approval from creditors. It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case where appropriate.

Basis of Charging Category 2 Disbursements and Expenses

| Plain/headed paper | 25p per sheet |
|-------------------------------|---------------|
| Photocopying | 6p per sheet |
| Envelopes | 25p each |
| Postage (depending on weight) | Actual Cost |

APPENDIX 6

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

- 1.1** When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1** Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1** The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1** The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above.

To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1** If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1** If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2** If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9. Provision of information - additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case;

- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

APPENDIX 7

Rule 2.35

Notice of a meeting of creditors

Name of Company
Passion For Life Healthcare Limited

Company number
03244283

In the
Guildford County Court
(full name of court)

Court case number
057 of 09

(a) Insert full name(s) and
address(es) of administrator(s)

Notice is hereby given by (a) James Bradney and Andrew Duncan of 3rd Floor, 39-45 Shaftesbury Avenue, London W1D 6LA

(b) Insert full name and address
of registered office of the
company

That a meeting of creditors of (b) Passion For Life Healthcare Limited of 3rd Floor, 39-45 Shaftesbury Avenue, London, W1D 6LA

(c) Insert details of place of
meeting

Is to be held at (c) 3rd Floor, 39-45 Shaftesbury Avenue, London, W1D 6LA

(d) Insert date and time of
meeting

on (d) 8 September 2009 at 2.30pm

*Delete as applicable

The meeting is:

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

*Delete as applicable

Signed


Joint Administrator

Dated

24/08/09

A copy of the *proposals / revised proposals is attached.

APPENDIX 8

Proof of Debt – General Form

Passion For Life Healthcare Limited In Administration

Date of administration: 1 July 2009

| | | |
|-------------------------------------|---|---------------------------|
| 1. | Name of creditor (If a company please also give company registration number). | |
| 2. | Address of creditor for correspondence. | |
| 3. | Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration. | |
| 4. | Details of any documents by reference to which the debt can be substantiated. (Note: Please attach the relevant documents to the proof of debt form to substantiate the claim). | |
| 5. | If amount in 3 above includes outstanding uncapitalised interest please state amount. | £ |
| 6. | Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form). | |
| 7. | Particulars of any security held, the value of the security, and the date it was given. | |
| 8. | Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates. | |
| 9. | Signature of creditor or person authorised to act on his behalf _____ | |
| | Name in BLOCK LETTERS _____ | |
| | Position with or in relation to creditor _____ | |
| | Address of person signing (if different from 2 above) _____ | |
| For Administrators' Use only | | |
| Admitted to vote for | | Admitted for dividend for |
| £ | | £ |
| Date | | Date |
| Administrator | | Administrator |

APPENDIX 9

Proxy (Administration)

Passion For Life Healthcare Limited

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well. Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

1 _____

2 _____

3 _____

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 8 September 2009, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrator's proposals/revised proposals* as circulated

2. For the appointment of

 of

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Resolutions are detailed on the next page

Passion For Life Healthcare - In Administration

Resolutions proposed for the meeting of creditors convened for 8 September 2009

*Please delete as appropriate

| | | | |
|----|---|---------|---------|
| 1 | The Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect. | *Accept | *Reject |
| 2 | The Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration. | *Accept | *Reject |
| 3 | To seek an extension to the Administration period if deemed necessary by the Joint Administrators. | *Accept | *Reject |
| 4 | When it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, to take the necessary steps to put the Company into either Creditors' Voluntary Liquidation, Company Voluntary Arrangement or into Compulsory Liquidation as deemed appropriate by the Joint Administrators. It is proposed that James Bradney and Andrew Duncan of Bridge Business Recovery would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. | *Accept | *Reject |
| 5 | In the event that a Company Voluntary Arrangement is proposed, the Arrangement will be considered on its merits by the Voluntary Arrangements Service. Acceptance of the Administrator's proposals at this stage does not therefore imply acceptance of any Voluntary Arrangement proposals that may be put forward as a consequence. | *Accept | *Reject |
| 6 | In the event that the Joint Administrators form the view that the exit options identified in proposal 12.1.4 and 12.1.5 above are inappropriate, then, in due course, the Joint Administrators will apply provisions at Paragraph 84 of Schedule B1 to the Insolvency Act 1986 enabling the Company to move from Administration to Dissolution. This will be conditional on the completion of all necessary investigations into the Director's affairs and no deemed distribution to creditors at the end of the Administration period. | *Accept | *Reject |
| 7 | That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration. | *Accept | *Reject |
| 8 | That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration. | *Accept | *Reject |
| 9 | That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any. | *Accept | *Reject |
| 10 | That the Joint Administrators be authorised to instruct and pay The Counting House LLP to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary. | *Accept | *Reject |
| 11 | In accordance with Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of the revised proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators. | *Accept | *Reject |