

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company
HMC Health & Beauty Limited

Company number
03883690

In the
High Court of Justice, Chancery
Division, Leeds District Registry
[full name of court]

Court case number
384 of 2016

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

~~I/~~ We, (a) Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square,
Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth
Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

* Delete as applicable

attach a copy of ~~my~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 11 May 2016

Signed

Joint Administrator

Dated 11 May 2016

Contact Details:

You do not have to give any contact information in
the box opposite but if you do, it will help Companies
House to contact you if there is a query on the form
The contact information that you give will be visible
to searchers of the public record

Begbies Traynor (Central) LLP

Fourth Floor, Toronto Square, Toronto Street Leeds

Tel 0113 244 0044

Fax Number 0113 244 5820

DX Number



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17/05/2016

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COMPANIES HOUSE

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

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

HMC Health & Beauty Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	HMC Health & Beauty Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on
"the administrators", "we", "our", "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	HMC Health & Beauty Limited	
Trading name	HMC	
Date of Incorporation	25 November 2009	
Company registered number	03883690	
Company registered office	Toronto Square, Toronto Street, Leeds, LS1 2HJ	
Former registered office	10 Howlett Way, Fison Way Industrial Estate, Thetford, Norfolk, IP24 1HZ	
Trading address	10 Howlett Way, Fison Way Industrial Estate, Thetford, Norfolk, IP24 1HZ	
Principal business activities	The provision of, formulation, and manufacture of toiletries, production services and other personal care products	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Martyn Thomas Bromley	N/A
	David James Callear	N/A
	Paul Goddard	N/A
	Oliver Booth	N/A
	David Rodney Chapman-Hammond	N/A
Company Secretary and details of the shares held in Company (if any)	Name	Shareholding
	Oliver Booth	N/A
Auditors	Michael Dack & Company Accountants	
Share capital	113,001 Ordinary Shares	
	163,812 6% Cumulative Redeemable Preference Shares	
Shareholders	Highland Phoenix Limited – 163,812 6% Cumulative Redeemable Preference Shares	
	Highland Phoenix Limited – 113,001 Ordinary Shares	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment	4 May 2016
Date of resignation	N/A
Court	High Court of Justice, Chancery Division, Leeds District Registry
Court Case Number	384 of 2016
Person making appointment	The Directors of the Company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (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
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Following the acquisition of Nichol Beauty Products by the Robert McBride Group, a number of the Nichol Beauty Products management team decided to start a new business, manufacturing health and beauty products. They formed HMC Health & Beauty Limited ("the Company") in 2000.

Initial working capital was funded through share capital, shareholder and other loans.

The Company grew steadily and successfully and in 2002 moved to its current 42,000 sq ft facility based in Thetford Norfolk. The Company gradually increased its skills and capabilities, developing from a solely contract manufacturing operation to a full service facility. This enabled them to supply a broad spectrum of product categories from providing innovative concept ideas through to trend analysis, packaging sourcing, formulation development, manufacture and delivery of finished goods to brand owners and retail outlets.

The Company built up a strong reputation in the health and beauty market, due to the key relationships with suppliers and high street retail customers.

The business began to face financial difficulties and its year end results to June 2013 stated a loss of £151,611. This was due to operating inefficiencies which continued until the necessary production capacity was put in place. This impacted upon the Company, reflecting in gross margin pressure. Whilst the second half of the year improved with sales increasing, there was a business growth cost due to this and operating efficiency was comprised.

In addition to the operating issues, the Company lost three customers in the second half of 2013, one being a major customer who accounted for 40% of the Company's sales, which resulted in a loss of approximately £6m orders. At this time the Company sought to merge with a competitor, however after undertaking the necessary due diligence, the competitor pulled out. Shortly after this, the Company lost a further customer.

Despite the Company's trading challenges and issues faced, the Company's turnover to the year end June 2014 was £10.5m (£14.3m 2013). This was due to a refocus of the commercial strategy following a business restructure in the early part of 2014, which led to significant new business from existing and new customers. The removal of significant reliance on one customer also provided further stability.

Unfortunately the increased cost of supporting sales recovery, the over investment of stock and the loss of customers, resulted in significant losses and impacted on the Company's financial position. The Company's total sales in the year to 30 June 2015 were £8.3m.

The Company has an invoice discounting facility with Lloyds Bank Commercial Finance ("Lloyds") and in September/October 2015, the Company's customer credit limit was temporarily reduced from £1.5m to £750k. Whilst this was restored by Lloyds, this further impacted on the Company's cash flow, with the Company missing creditor payments which in turn led to greater creditor pressure.

To recover the losses, the shareholders loaned money to the Company of approximately £750k.

In February 2016, the Company's financial position further deteriorated as a customer owing the Company approximately £300k entered into administration. Despite the Company successfully recovering its branded product from the duly appointed administrators, the time taken from retaking possession and the onward sale of the retention of title goods had a significant impact on the Company's ability to meet creditor payments.

The Company were unable to honour payments with customers which led to the suppliers putting them on pro forma and a number of suppliers threatening to issue statutory demands. They were also unable to honour their time to pay arrangement with HM Revenue & Customs who notified them that they were sending the Company's account to debt collection.

As a result, the Company's directors sought the advice of their accountants, Michael Dack & Company, as it felt that its financial position was becoming too difficult to manage. It was agreed that the Company would seek investment and/or a sale of the Company as a going concern. However given the level of investment and the timeframe with which it was required, Michael Dack & Company recommended that the Company speak to Begbies Traynor (Central) LLP for insolvency advice, to prepare for the eventuality that an investor could not be identified.

We were formally engaged by the Company on 5 April 2016 to provide insolvency advice and undertake an accelerated marketing process. The aim of this engagement was to seek an investment in, or offer to purchase the Company, or failing that to seek a sale of some or all of its business and assets to avoid cessation of trade.

A Notice of Intention to Appoint Administrators to the Company was filed by the Company on 12 April 2016 and a subsequent Notice was filed on 25 April 2016 in order to protect the Company's assets.

Accordingly, an accelerated marketing campaign was undertaken which culminated in two parties submitting indicative offers for the purchase of the Company's business and/or assets by the required deadline of 25 April 2016. However, the parties confirmed that they would not be submitting an offer for the purchase of the shares in light of the level of accrued debt within the Company, the prospective working capital requirement and TUPE liability. This view was also confirmed by a number of other parties that ultimately declined to make an offer.

One party progressed their offer and paid the Company a £50k non refundable deposit on 26 April 2016 for exclusivity to proceed with a sale via an administration process. The remaining party subsequently withdrew their interest.

A Notice of Appointment of Administrators to the Company was filed by the directors of the Company on 4 May 2016 in the High Court of Justice, Leeds District Registry, with Julian Pitts and Bob Maxwell of Begbies Traynor (Central) LLP being appointed Joint Administrators. Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the administrators carry out their functions joint and severally and either administrator has the power to exercise any function.

The business and assets of the Company were sold on 4 May 2016 to Prestige Personal Care Limited, further details of which are set out in section 6.

5. STATEMENT OF AFFAIRS

The directors have not yet prepared a statement of affairs of the Company as at 4 May 2016 as they have not had sufficient time. Instead, we have provided an estimated statement of the financial position of the Company as we understood it at 4 May 2016. This is attached at Appendix 2. It makes no provision for the costs of the Administration or any subsequent insolvency process.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of Administration on 4 May 2016 to 11 May 2016.

Pre-packaged Sale of the Assets

A copy of our SIP 16 Statement is appended to the covering letter of this report and is attached again at Appendix 4. This sets out the detail and reasoning behind a pre-package sale of certain of the Company's assets to Prestige Personal Care Limited ("PPC") on 4 May 2016.

The marketing work undertaken prior to the appointment of the Joint Administrators resulted in only one party, PPC, coming forward to purchase the business. Following a period of negotiation with PPC, consideration of £275,000 for the business and certain assets was agreed and a sale was completed immediately after the appointment of the Joint Administrators on 4 May 2016. The sale consisted of the following business and assets of the Company:

Category of Assets	Apportionment of Consideration
Business Intellectual Property	£1
Benefit of the Contracts	£1
Equipment	£140,000
Goodwill	£82,000
Stock	£52,998
Total	£275,000

In accordance with the sale agreement, consideration in the sum of £275,000 was due from PPC, of which £100,000 was payable on completion, a £50,000 deposit having already been paid on 26 April 2016 prior to the sale completing. These monies have been apportioned as follows:

Category of Assets	Apportionment of Consideration
Business Intellectual Property	£1
Benefit of the Contracts	£1
Equipment	£15,000
Goodwill	£82,000
Stock	£52,998
Total	£150,000

The balance of the funds outstanding in the sum of £125,000 will be paid on or before 1 June 2016 and will be apportioned solely to equipment.

Book Debts

The book debts were excluded from the sale to PPC. As advised above, the book debts are subject to an invoice discounting facility with Lloyds Bank Commercial Finance Limited ("Lloyds"). As at the date of the administration the book debt ledger stood at £2.3m. Given the continuity of the Company's business and PPC continuing to supply the Company's customers it is anticipated that the book debt ledger will be recovered in full. However as it is still the early stages of the administration, we will update creditors in this respect in our next report.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are as follows:

Secured creditors

The Company's book debt ledger was subject to an invoicing discounting facility with Lloyds. The Company granted security to Lloyds by way of a fixed and floating charge over the entire assets and undertakings of the business, created on 30 November 2009 and registered at Companies House on 3 December

2009 The sum of £1.9m remains due to Lloyds. It is expected that Lloyds will be repaid in full at this stage.

The Company also granted a debenture to The Bank of Scotland plc ("BOS") consisting of a fixed and floating charge debenture over the entire assets and undertakings of the business, created on 13 February 2007 and registered at Companies House on 16 February 2007. The sum of £141k remains due to BOS. It is expected that BOS will suffer a shortfall against its lending.

Preferential creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims.

Unsecured creditors

A list of estimated unsecured creditors totalling £4,223,309 is included at Appendix 2.

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £nil and the prescribed part of the Company's net property to be £nil.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in this report, we presently consider that the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely 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)

It was not possible to rescue the Company on a going concern basis as it had significant liabilities at the date of appointment. Significant additional funding would be required to support the Company and all parties approached in this regard confirmed that they would be unwilling to make investment in the Company. The Company had insufficient assets with which to meet its liabilities.

We therefore, sought to achieve 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). We consider that this objective has already largely been achieved due to the sale of the business and assets of the Company taking place on 4 May 2016.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude. The principal matters to deal with in this respect are

- Collection of the deferred consideration
- Realisation of the Company's outstanding book debt ledger
- Investigations into the Company's affairs

This document in its entirety constitutes our proposals as well as the specific itemised proposals below

- 1) The joint administrators' proposals for achieving the purpose of the administration, as set out in this document, be and hereby are approved
- 2) Creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)
- 3) The Company shall remain in administration for such period as the joint administrators deem necessary and appropriate
- 4) For the purposes of Rule 2.106(2) of the Insolvency Rules 1986, the joint administrators' remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that, subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit
- 5) The joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm and/or entities within the Begbies Traynor group (defined as Category 2 disbursements in *Statement of Insolvency Practice 9*), in accordance with their firm's policy, details of which are attached

- 6) The unpaid pre-administration costs, as set out in Section 9 of this report, be paid as an expense of the administration, pursuant to Rule 2.67A of the Rules
- 7) If the joint administrators consider that there will be no distribution to unsecured creditors, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report
- 8) If necessary, the joint administrators shall have the authority to apply to the necessary body of creditors for an extension of the duration of the administration for a period of up to twelve months (in accordance with the provisions of Schedule B1 paragraph 76(2) of the Insolvency Act 1986), and if required, may also approach the court for a further extension of the administration
- 9) That the joint administrators be and are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect

Exit from Administration

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Extending the Administration

It may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of the Company's property. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work in relation to the pre-package sale to PPC. This included reviewing the financial position of the business, liaising with the Company and Lloyds, assisting the Company with monitoring cash flow, considering options, undertaking an accelerated marketing and sale process, providing interested parties with information, assessing offers, agreeing terms with parties and planning for an Administration. This work also involved liaising with creditors of the Company both secured and unsecured ("the Work").

The Work was carried out pursuant to an agreement made between us and the Company entered into on 5 April 2016 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration in an attempt to identify the difficulties facing the business and consider possible solutions available to the Company and its directors. The Work identified the issues facing the business, allowed for an accelerated sale process and aided the directors of the Company to plan for an inevitable insolvency event, namely 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).

Gateleys Plc Solicitors provided advice in relation to the sale process including specific advice in relation to employee matters, drafting of the sale agreement and obtaining draft security releases in anticipation of a sale. They also provided us with advice and preparation of the statutory documentation in relation to the proposed directors' appointment of administrators.

Eddisons Commercial Limited provided an appraisal of the assets and Company's valuation, appraised finance agreements, identified potential ROT stock, attended site in preparation of interested party viewings, dealt with interested party viewings and inspections, attending meetings with the landlord of the Company's premises and negotiating heads of terms with the purchaser.

BTG Corporate Finance were instructed to assist in the preparation and circulation of information to potential acquirers of the Company, deal with initial enquiries, prepare the data room in readiness for interested parties and monitor access to the data room as appropriate.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Amount £	Payments Received £	Outstanding £
Our fees in relation to the Work	Begbies Traynor	51,429 50	Nil	51,429 50
Legal Fees (appointment and sale process)	Gateley Plc	14,500 00	Nil	14,500 00
Disbursements	Gateley Plc	174 50	Nil	174 50
Agents costs and disbursements- Appraisal of valuation, site visits and as set out above	Eddisons Commercial Limited – an entity within the Begbies Traynor Group	30,650	Nil	30,650
Disbursements – travel and accommodation		1,055 00	Nil	1,055 00
Corporate Finance fees	BTG Corporate Finance – an entity within the Begbies Traynor Group	14,500 00	Nil	14,500 00
Mileage – paid at a rate of 45p per mile	Begbies Traynor	205 31	Nil	205 31
Train tickets	Begbies Traynor	117 50	Nil	117 50
Subsistence	Begbies Traynor	10 76	Nil	10 76
TOTAL PRE-ADMINISTRATION COSTS		112,642 57	Nil	112,642 57

As at the date of appointment of the joint administrators, accrued fees under the Agreement totalled £51,429.

The pre-administration costs (as above) are unpaid and we are seeking that they be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to discharge such costs ("the unpaid pre-

administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the Company

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate.

These proposals contain a statement by us, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that we consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor of the Company to determine the basis of our remuneration under Rule 2.106 of the Rules. In the absence of an initial meeting of creditors (see section 11 Conclusion, below) and the establishment of a creditors' committee, our remuneration is fixed by the approval of the secured creditors in accordance with Rule 2.106(5A).

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 4 May 2016.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information appears at Appendix 3.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to

the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

We are yet to undertake an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. This will be undertaken in due course.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of the prescribed part).

In the circumstances, we do not intend to summon an initial meeting of the Company's creditors. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which our statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with us security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



J N R Pitts
Joint Administrator

Date 11 May 2016

ACCOUNT OF RECEIPTS AND PAYMENTS

4 May 2016 to 11 May 2016

	£	£
SECURED ASSETS		
Goodwill	82,000 00	
Business Intellectual Property	<u>1 00</u>	
		82,001 00
ASSET REALISATIONS		
Benefit of the Contracts	1 00	
Equipment	15,000 00	
Stock	<u>52,998 00</u>	
		67,999 00
		<u>150,000.00</u>
REPRESENTED BY		
Client		150,000 00
		<u>150,000.00</u>

ESTIMATED FINANCIAL POSITION AS AT 4 MAY 2016

	Notes	Book Value	Estimated to Realise
Charged Assets			
Goodwill	1	-	82 000
Intellectual Property	1	-	<u>1</u>
Available to Secured Creditors			82 001
Less Estimated fixed charge creditors			<u>(141,000)</u>
Surplus / (Shortfall)			(58,999)
 Book Debts	2	2,336 317	1,985,869
Available to Secured Creditors			1,985,869
Less Estimated fixed charge creditors			<u>(1,878,542)</u>
Surplus / (Shortfall)			107,327
 Uncharged Assets			
Contracts	3	-	1
Furniture & Office Equipment	4	700,810	140,000
Stock	5	1 625,923	52,998
Available to Preferential Creditors			192,999
Less Estimated preferential creditors	6		<u>-</u>
Available to Floating Charge Creditors			192,999
B/d fixed charge deficiency			(58,999)
B/d fixed charge surplus			<u>107 327</u>
Available to Unsecured creditors			241,327
Less Estimated unsecured creditors	7		<u>(4,223,309)</u>
Surplus / (shortfall) as regards unsecured creditors	8		<u>(3,981 982)</u>

ESTIMATED FINANCIAL POSITION AS AT 11 MAY 2016 - NOTES

- 1 The Company carried no value against intellectual property or goodwill in its books and records. However, as part of the sale to PPC, we were able to secure £1 towards intellectual property assets and £82,000 towards goodwill. Had the business been immediately shut down, we are unlikely to have received anything for these assets. These sums will be distributed to the Bank of Scotland under its fixed charge security.
- 2 Excluded from the sale of the business and certain assets to PPC was the book debt ledger. The book debts are subject to an invoice discounting facility with Lloyds. As at the date of the administration the book debt ledger stood at £2.3m. Given the continuity of the Company's business and PPC continuing to supply the Company's customers it is anticipated that the book debt ledger will be recovered in full; however we have made a provision for bad debt of 15%.
- 3 The benefit of the contracts carried no value in its books and records. As part of the sale to PPC, £1 was apportioned towards the benefit of existing contracts as part of the continuity of the business. In the event that the business closed there would have been no value in these contracts.
- 4 The Company had a significant amount of office furniture and equipment situated at its leasehold premises. This was reflected in the Company's consolidated accounts to the year ended June 2014 with a value of £700,810; however, £140,000 from the sale to PPC has been apportioned to the equipment as per our agent's recommendation.
- 5 A large proportion of the stock held by the Company also included old historic stock, branded stock and labels and is therefore over stated in its records for a sale as a going concern. An appropriate value of £52,998 has been attributed to the stock for the reason stated above and takes into account the potential for retention of title claims.
- 6 As a result of the sale of the business and assets and the employees of the Company transferring to PPC under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims. The estimated liability would be £599,234.
- 7 Unsecured creditors are based upon the information taken from the Company's accounting records at 11 May 2016. The figure provided (which is broken down on the following page) will omit any liabilities crystallising as a result of the Administration. The unsecured credit figure could, therefore, be significantly higher.
- 8 The estimated financial position omits any costs associated to the Administration.

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
C300	3C Technology Ltd	Network House, Hawkins Road, Colchester Essex CO2 8LA	1,219 20
CA00	All Hose & Hydraulics	Unit 4 Javelin Road, Airport Industrial Estate, Norwich, Norfolk, NR6 6HX	379 87
CA01	Anglian Water Payment Centre	P O Box 10643, Harlow, CM20 9HB	1,878 99
CA02	Aldrives Ltd	Wenham House, South Road, Harlow, Essex, CM20 2AS	939 96
CA03	Allied Filter Systems Ltd	Huntsman Drive, Northbank Industrial Park, Ilam, Manchester, M44 5EG	569 40
CA04	Ascot International (1996) Ltd	Welcroft Street, Stockport, Cheshire, SK1 3DF	11,732 16
CA05	Alcohols Ltd	Charringtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2EW	14,523 60
CA06	Able Plastics	Unit 27 Hill Farm Ind Est, Boxted Cross Straight Rd, Boxted Colchester, Essex, CO4 5RD	363 24
CA07	Amberley Adhesive Labels Ltd	Team House, Shaftesbury Lane, Blandford, Dorset, DT11 7FG	7,277 45
CA08	AFS Animal Care Ltd	Highlands House, 4 Stephenson Way, Thetford, Norfolk IP24 3RH	3,345 48
CA09	Abbey Chemicals	Victory House, 245 Southtown Road, Great Yarmouth, NR31 0JJ	2,852 24
CA0A	AGI World Limited	Units 2 & 3 Slough Interchange, Whittenham Close, Slough, SL2 5EP	52,578 10
CA0B	Adept Pure Water Ltd	36 Huxley Close, Park Farm South, Wellingborough, Northants NN8 6AB	933 10
CA0C	Albany Waste Services Ltd	Office 13 Unit 5B, Stour Valley Business Centre, Brundon Lane, Sudbury CO10 7GB	32,845 19
CA0D	Anglia Door Systems Ltd	Unit 4-6 Roman Way, Thetford, Norfolk	1,329 78
CA0E	Azeelis UK Life Sciences Ltd	Foxholes Business Park, John Tate Road, Hertford, Hertfordshire, SG13 7YH	6,113 14
CA0F	Aptar Italia S P A	39 - ZI Sambuceto, 66020 San Giovanni Teatino, Italy	11,243 43
CA0G	Anton Paar Ltd	Unit F, The Courtyard, St Albans, AL4 0LA	902 40
CA0H	Alphabet (GB) Ltd	Europa House, Bartley Way, Hook, Hampshire, RG27 9UF	1,149 42
CA0I	Ayton Global Research Ltd	Rm FF3 Mezzanine Floor TheShip, Kilver Court Kilver Street, Shepton Mallet Somerset, BA4 5NF	6,839 00
CA0J	Altus Group	180 Great Portland Street, London, W1W 5QZ	420 32
CB00	Breckland Council	The Guildhal, St Withburgha Lane, Dereham, Norfolk, NR19 1EE	25,089 00
CB01	Blagden Specialty Chemicals Ltd	Osprey House, Black Eagle Square, Westerham, Kent, TN16 1PA	1,367 25
CB02	Breckland Scientific Supplies	Antom Court, Tollgate Drive, Stafford, ST16 3AF	322 84
CB03	Brookfield Viscometers Ltd	Brookfield Technical Centre, 1 Stadium Way, Harlow, Essex, CM19 5GX	138 00
CB04	BPC (Anglia) Ltd	Unit 1 Brunel Business Court, Brunel Way, Thetford, Norfolk, IP24 1HP	378 00
CB05	Bearing Supplies (Thetford)	Unit 1, Brunel Way, Thetford, Norfolk, IP2 1HJ	1,046 33
CB06	Breckland HIS Ltd	Unit 5 Telford Way, Telford Way Industrial Estate, Thetford, Norfolk, IP24 1HU	1,593 81

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CB07	Bluesky (UK) Ltd	Unit 15, Estate Road Eight, Grimsby, North East Lincolnshire, DN31 2TG	15,761 27
CB08	Birchwood Chemicals Ltd	8 Sheraton Close, Elstree, Herts, WD6 3PZ	5,860 80
CB09	BodyPak Closures Ltd	The Pavillion, Blyburgate, Beccles, Suffolk, NR34 9TY	1,560 00
CB0A	BDN Packaging Ltd Via Belpac	Heath Mill Road, Wolverhampton, West Midlands, WV5 8AP	24 24
CB0B	Bersfords Ltd	Thomas Street, Congleton, Cheshire, CW12	1,371 24
CB0C	BNP Paribas Lease Group (Rentals)	Northern Cross, Basing View, Basingstoke, Hampshire RG21 4HL	339 16
CB0D	Brandbank Ltd	Unit 11 Robberds Way, Bowthorpe, Norwich NR5 9JF	48 00
CB0E	Blackburns Metals Ltd	117 Clydesmill Place, Cambuslang Investment Park, Cambusland, Glasgow G32 8RF	712 66
CB0F	Brenntag UK Ltd	Albion Hose, Rawdon Park, Green Lane Yeadon, Leeds, LS19 7XX	55,009 60
CB0G	British Telecom plc	Dept W, Durham TE, Providence Row, Durham, DH1 1RR	746 02
CB0H	Blue Sky Botanics Ltd	Castle Farm, Upton Bishop, Ross on Wye, Herefordshire, HR9 7UW	60 00
CB0I	Bank of Scotland	Lloyds Banking Group, Endeavour House, Chivers Way, Histon, Cambridge, CB24 9ZR	141,000 00
CC00	Chemlink Specialities Ltd	1st & 2nd Floors Gladstone Hse, 26-30 Station Road, Urmston, Manchester, M41 9JQ	3,009 60
CC01	Chubb Fire & Security Ltd	Number 1 @ The Beehive, Lions Drive, Blackburn, Lancs BB1 2QS	1,960 27
CC02	Carvansons Ltd	Hollins Vale Works, Bury, Lancs, BL9 9QG	310 80
CC03	CPL Aromas Ltd	Quarry Road, Bixworth, Northampton, NN6 9UB	33,432 38
CC04	Continental Bottle Company Ltd	Unit 3 Barlow Drive, Woodford Park Ind Estate, Winsford, Cheshire, CW7 2RB	101,234 26
CC05	Coda Plastics Ltd	Folgate Road, North Walsham, Norfolk, NR28 0AJ	5,591 28
CC06	Cargo Labels Ltd	Basepoint Business Centre, The Havens, Ipswich, Suffolk, IP3 9BF	464 84
CC07	Cornelius Group Plc	Woodside, Dunmow Road, Bishops Stortford, Herts, CM23 5RG	23,909 10
CC08	Chep UK	Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP	2,330 25
CC09	Chep Pallecon Solutions Ltd	Unit A, Doranda Way, West Bromwich, West Midlands, B71 4LE	2,984 10
CC0A	Connolly Refrigeration Ltd	Howlett Way, Fison Way Industrial Estate, Theford, Norfolk IP24 1HZ	870 04
CC0B	Compactors for free com ltd	20 St Nicholas Street, Diss, Norfolk, IP22 4LB	1,246 88
CC0C	Caps Cases Ltd	Studlands Park Ind Estate, Newmarket, Suffolk CB8 7AU	101,922 86
CC0D	Cristal Co	Suege /sicuak, 27-29 rue Chateaubrand, 75008 Paris	18,906 00
CC0E	Corcoran Chemicals Ltd	Oak House,, Oak Close, Wilmslow, Cheshire SK9 6DF	19,498 39
CC0F	Contract Personnel Ltd	1 & 2 Saints Court, All Saints Green, Norwich NR1 3LP	249,716 34
CC0G	Compleat Office Solutions Ltd	32 James Carter Road, Mildenhall Suffolk, IP28 7DE	468 93
CC0H	CEVA Container Logistics	Doranda Way Ind Park/Doranda Way, West Bromwich, B71 4LE	3,498 60

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CD00	Drom International UK Ltd	Atria, Spa Road, Bolton, Gtr Manchester, BL14SR	2,895 60
CD01	D H Industries Limited	Sullivan House Fenton Way, Southfields Business Park, Laindon, Essex, SS15 6TD	952 80
CD02	DHL International (UK) LTD	Hillbion House, 1 Dukes Green Avenue, Faggs Road, Feltham Middlesex, TW14 0LR	76 02
CD03	Dormex Containers Ltd	Dormex Works, Chester Road, Sutton Weaver, Cheshire, WA7 3EG	6,817 56
CD04	Denny Bros Supplies Ltd	50 St Andrews Street South, Bury St Edmunds, Suffolk, IP33 3PH	796 96
CD05	Donington Packaging Supplies Ltd	Kings Cross, Quadring Road, Donington, Spalding, Lincolnshire PE11 4TD	6,241 07
CD06	DKSH Great Britain Ltd	Wellington House 3rd Floor, 68 Wimbledon Hill Road, London SW19 7PA	1,069 44
CD07	D & S Pallets Ltd	49 Gloucester Way, Thetford, Norfolk IP24 1DN	12,996 00
CD08	Digital Copier Systems	Gamma Terrace West Road, Ransomes Europark, Ipswich, Suffolk, IP3 9SX	1,225 62
CE00	Electrical Rewind Services Ltd	Unit 1 Bessemer Road, Norwich, Norfolk, NR4 6DQ	218 40
CE01	Essel Propack Polska sp	U1 Grobla 21, Poznan, Poland, 61-585	3,076 24
CE02	E-On Energy	P O Box 7687, Nottingham, NG15 0WP	3,065 01
CE03	Europack Marketing Ltd	Bishops Lynn House, 18 Tuesday Market Place, Kings Lynn, Norfolk, PE30 1JW	4,767 36
CE04	European Flavours & Fragrances Plc	Factory Unit, Marsh Lane, Ware, Hertfordshire, SG12 9QB	20,878 74
CE05	Eaton Technologies GmbH	Filtration Division, Nettersheim Branch, Aug der Heide 2, 53947 Nettersheim Germany	1,411 30
CE06	Eastpac Group	8 Welbeck Way, Woodston, Peterborough, PE2 7WH	1,953 12
CE07	Essentra Packaging	Gilway, Giltbrook, Nottingham, NG16 2GT	50,127 00
CE08	Enviro-Waste Ltd	Unit 69 Basepoint Centre, 70-72 The Havens, Ransomes Eur, Ipswich Suffolk IP3 9BF	7,708 00
CE09	Eurolabels Ltd	Unit 2 Carlton Park Ind Est, Saxmundham, Suffolk IP17 2NL	1,102 46
CF00	Firetek	11 Grenville Way, Thetford, Norfolk, IP24 2JH	750 00
CF01	Fisher Scales Ltd	Units 1 & 2, Station Rd Ind Est, Attleborough, Norfolk, NR17 2NP	944 40
CF02	Fragrance Oils Int Limited	Eton Hill Industrial Estate, Eton Hill Road, Radcliffe, Manchester, M26 2FR	36,392 46
CF03	Federal Express Europe inc	PO Box 119, Coventry, CV1 4QD	174 08
CF04	Fisher Scientific Ltd	Bishop Meadow Road, Loughborough, Leics, LE11 5RG	3,599 00
CF05	Foulger Transport Ltd	The Circuit, Snetterton, Norwich, Norfolk, NR16 2JU	72,842 39
CF06	Falconer Print & Packaging Ltd	Unit G5 Navigation Close, Lowfields Business Park, Elland, West Yorkshire, HX5 9HB	107 30
CF07	Filling & Capping Machines Ltd	Marsh Hill Centre, Marsh, Aylesbury, Buckinghamshire, HP17 8ST	689 37
CF08	Flowprint Ltd	Unit E, Boyn Valley Ind Est, Maidenhead, Berkshire SL6 4EJ	18,136 46
CF09	FST Dispensing Technologies	14 Hanover Street, 3rd Floor, London W1S 1YH	1,409 05
CF0A	Fleet Retail Packaging Ltd	28 Church Field, Snodland, Kent ME6 5AR	1,394 40

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CF0B	F S Mackenzie	Bowden House, Luckyn Lane, Basildon, Essex, SS14 3AX	203 00
CG00	Gelpke & Bate Ltd	Camomile House, Kings Cross Lane, South Nutfield Redhill, Surrey, RH1 5NG	31,279 95
CG01	GXS Ltd	18 Station Road, Sunbury-On-Thames, Middlesex, TW16 6SU	2,816 40
CG02	Givaudan UK Ltd	Kennington Road, Ashford, Kent, TN24 0LT	13,292 28
CG03	Global One-Pak Ltd	Hyde Park House, Cartwright Street, Newton Hyde, Cheshire, SK14 4EH	51,149 42
CG04	G & A Electronic Print Systems	51 Bells Road, Gorleston, Great Yarmouth, Norfolk, NR31 6AN	8,995 68
CG05	Global Vac Forming Ltd	Vedonis Works, Leicester Road, Lutterworth, Leicester LE17 4HD	486 00
CG06	G4S Secure Solutions UK Ltd	, G4S Finance Shared Service Cen, Carlton House, Carlton Rd, Workshop S81 7QF	866 41
CH00	Highlands Products Ltd	4c Stephenson Way, Stephenson Way Ind Estate, Thetford, Norfolk, IP24 3RH	5,336 64
CH01	Hays Recruiting	Hays House, 40-44 Coombe Road, New Malden, Surrey KT3 4QF	3,300 00
CH02	Horizon Search & Selection Ltd	1st Floor Office,, The Botesdale Kitchen, The St, Botesdale, Suffolk IP22 1BS	1,681 01
CH03	Heinz Glas GmbH	Glashuttenplatz 1-7, Kleintettau, Tettau/Of, Germany 96355	9,156 19
CH04	Hygiene Systems Ltd	Unit 6 Trident Ind Estate, Pinder Road, Hoddesdon, Herts EN11 0WZ	2,812 79
CH05	HM Revenue & Customs	Enforcement & Insolvency Services (EIS) Worthing, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	221,504 03
CH06	Highland Phoenix Limited	c/o Begbies Traynor, 4th Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ	750,000 00
CI00	IMCD UK Ltd	Times House, Throwley Way, Sutton, Surrey, SM1 4AF	6,142 38
CI01	Initial Washroom Services	P O Box 13, East Grinstead, West Sussex, RH19 1HX	1,405 20
CI02	Inovia International	Division of Stanchem Int Ltd, Unit 11 Kings Cliffe Ind Est, Wansford Peterborough, Cambs, PE8 6PB	14,386 43
CI03	Intertek Certification Ltd	10A Victory Park, Victory Road, Derby DE24 8ZF	2,304 48
CI04	IMServ Europe Ltd	Scorpio Rockingham Drive, Linford Wood, Milton Keynes, Bucks, MK14 6LY	181 05
CI05	ICS Cool Energy Ltd T/A ICS Service	ICS House Stephenson Road, Calmore Ind Est, Totton Southampton, Hants, SO40 3RY	1,492 13
CI06	Innovant Research Ltd	The Elms, Oxford Road, Cheveley, Newbury, RG20 8RT	22,428 00
CI07	Innospec Ltd	Innospec Manufacturing Park, Oil Sites Road, Ellesmere Port, Cheshire CH65 4HF	636 72
CI08	Induplast Spa	Via Europa 34, Bolgare BG, Italy	6,225 05
CI09	Industrial Chemicals Ltd	Titan Works, Hogg Lane, Grays, Essex RM17 5DU	16,354 09
CJ00	Johnsons Apparelmaster Ltd	46 Exeter Road, Newmarket, Suffolk, CB8 8LR	5,511 25
CJ01	J & E Sozio- Descolonges France	6 Rue Barbes- BP 177, 92305 Levallois-Paris, France	1,258 00
CK00	Kutterer Mauer AG	Rudolf-Freytag-Strabe 7, D-76189 Karlsruhe, Germany	787 50

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CK01	KemCare Ltd	Balfour House, 741 High Road, Finchley, London, N12 0BP	228,031 53
CK02	Kilo Ltd	Ham Lane, Kingswinford, West Midlands DY6 7JU	2,040 06
CK03	Kempston Controls	Shirley Road, Rushden, Northamptonshire, NN10 6BZ	131 93
CK04	Ken Wilkins Print Ltd	Private Road No1, Colwick Ind Est Colwick, Nottingham NG4 2UQ	5,850 40
CL00	Lockwood Packaging Ltd	18 Lady Lane Industrial Estate, Hadleigh, Ipswich, Suffolk IP7 6BQ	61 26
CL01	Lageen Tuboplas Ltd	134 Fletton Avenue, Old Fletton, Peterborough, Cambs, PE2 8DA	60,859 24
CL02	Linosa Ltd	ICG House Station Approach, Oldfield Lane North, Greenfield, Middlesex, UB6 0AL	3,308 88
CL03	Lex Vehicle Partners Ltd	Heathside Park, Heathside Park Road, Stockport, SK3 0RB	5,687 90
CL04	Lycos Ltd	P O Box 95, Malton, North Yorkshire, YO17 1BR	630 00
CL05	Lloyds Bank Commercial Finance	1st Floor, Endeavour House, Chivers Way, Histon, Cambridge, CB24 9ZR	1,878,542 00
CM00	M & H Plastics	London Road, Beccles, Suffolk, NR34 8TS	453,327 04
CM01	Mane Ltd	Concorde House, Balcombe Road, Haywards Heath, West Sussex, RH16 1HS	3,302 50
CM02	MCS Laboratories Ltd	Whitcross Road, Tideswell, Derbyshire, SK17 8NY	10,788 00
CM03	Meade-King Robinson & Co Ltd	501 Tower Building, 22 Water Street, Liverpool, L3 1BL	518 40
CM04	Merck Chemicals Ltd	C/O AR Department, Boulevard Ind Park, Padge Rd, Beeston, Nottingham, NG2JR	416 00
CM05	Millgate Computer Systems Ltd	7 Vantage Drive, Sheffield Road, Tinsley, Sheffield S9 1RG	132 00
CM06	Mpack Sp Z o o	26A Sobiekursk, 05-480 Karczew, Near Warsaw, Poland	49,558 54
CM07	Macpac Ltd	Barton Road, Heaton Mersey Ind Estate, Stockport, SK43EG	18 00
CM08	Metcalfe Copeman & Pettefar LLP	Cage Lane, Thetford, Norfolk IP24 2DT	450 00
CM09	Multi Packaging Solutions	Label House, St Philips Road, Bristol BS2 0JZ	28,394 10
CM0A	Mills & Reeve	Francis House, 112 Hills Road, Cambridge, Cambridgeshire, CB2 PH	3,321 60
CM0B	Monk Conveyors Ltd	Unit 18 Woodside Park, Catteshall Lane, Godalming, GU7 1LG	546 12
CM0C	Manpower UK Ltd	Capital Court, Windsor Street, Uxbridge, Middlesex, UB8 1AB	114 12
CM0D	McDaniels Ltd	Sunnyside House, Station Road, Pulham St May, Norfolk, IP21 4QS	1,332 36
CM0E	Mr Darren Mortimer	23 St Georges Close, Thurton, Norfolk, NR14 6AY	2,500 00
CN00	Nolato Jaycare Ltd	Walton Road, Farlington, Portsmouth, Hampshire, PO6 0TS	5,136 42
CN01	Norstrom Group Ltd	13-14 Kingfisher Court, South Lincs Ind Est, Bry, Wigan, WN4 9DW	5,475 18
CN02	N K Chemicals Europe Ltd	Jubilee Way, Grange Moor, Wakefield, West Yorkshire, WF4 4TD	2,875 87
CN03	Newman Labelling Systems Ltd	Queens Road, Barret, London EN5 4DL	625 22
CN04	Nekem	Ocean House, Kingston House, Saxon Way, Hessle, East Yorkshire, HU3 9PB	60,558 10

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CN05	NPower	Brich House, Joseph Street, Oldbury, West Midlands, B69 2AQ	6,498 84
CO00	Onward Enterprises (East) C I C Ltd	1 Telford Way, Telford, Norfolk, IP24 1HU	4,341 70
CO01	Ondrives Ltd	Foxwood Road, Foxwood Industrial Park, Chesterfield, Derbyshire, S41 9RN	782 34
CO02	Opalbond Nutrition Ltd	10c Aspen House, Vantage Park, Wasingley Road, Huntingdon Cambs, PE29 6SR	1,476 00
CO03	Oleo Solutions Ltd	10 Great North Way, Nether Poppleton, York YO26 6RB	441 00
CO04	Only Fragrances	ZI de Argile-710 Av de la Que, 06370 Mouans-Sartoux, France	8,895 00
CO05	Olympus Print Group Ltd	Olympus House, Richardsshaw Rd, Grangefield Ind Est, Stanningley, Pudsey, LS28 6QW	4,319 66
CO06	Original Additions BP Ltd	Ventura House, Bullsbrook Road, Hayes, Middlesex, OB4 0UJ	5,821 58
CP00	Promens Packaging Ltd	Ellough, Beccles, Suffolk, NR34 7TB	5,712 77
CP01	Peter Jarvis	7/9 Hadleigh Business Park, Pond Hall Road, Hadleigh, Suffolk, IP7 5PV	213 90
CP02	Premier Labellers & Fillers UK Ltd	The Old Mercedes Building, Unit 2 Off Stour Road, Bathside, Harwich, CO12 3HF	886 51
CP03	Phoenix Fragrances Limited	Unit 6 Flemming Close, Park Farm Ind Est, Wellingborough, Northants, NN8 6UF	1,341 60
CP04	Premiar Solutions Ltd	Howett Way, Telford, Norfolk, IP24 1HZ	3,886 78
CP05	Pharmatube Ltd	Units 1 & 2 Shield Drive, Wardley Business Park, Worsley, Manchester, M28 2QB	3,145 01
CP06	PHP Ltd	Unit 5 Brickfields Bus Park, Woolpit, Bury St Edmunds, Suffolk, IP30 9QS	592 80
CP07	Pipi Print & Packaging Ltd	10 Bardsolph Street East, Leicester, LE4 6EG	12,870 83
CP08	Protec Ingredia Ltd	Unit 10 Delta Court, Manor Way, Borehamwood, WD6 1FJ	4,649 24
CP09	Prime Surfactants Ltd	Airedale House, 423 Kirkstall Road, Leeds LS4 2EW	35,973 02
CP0A	Peak Packaging Ltd	Gilmer House, Manner Avenue, Ilkeston Derbyshire, DE7 8EF	3,900 00
CP0B	Pyramal Glass Ltd	57-67 High Street, Edgware, Edgware, Middlesex HA8 7DD	18,869 76
CP0C	Przetworstwo Tworzyw "Dolowy"	117 Trakt Brzeski Str, Zakret Warszawa-Wesola, Poland 05-077	6,355 04
CP0D	Packtrade SRL	8/10 Via Tolstoi, 20098 San Giuliano, Milanese, Italy	432 30
CP0E	Pauls Pallets	1 The Chase, Brandon, Suffolk, IP27 0RT	2,986 20
CP0F	Provim Ltd	Dalton, Thirsk, YO7 3HE	3,185 00
CP0G	Polythene UK Ltd	31c Avenue One, Station Lane, Witney, Oxon OX28 4XZ	4,028 16
CP0H	Poth Hille & Co Ltd	Unit 18 Easter Ind Park, Ferry Lane South, Rainham Essex RM13 9BP	0 80
CP0I	PHS Group plc	Western Industrial Estate, Caerphilly, CF83 1HX	24 00
CP0J	Priorclave Ltd	129-131 Nathan Way, West Thamesmead Business Park, London, SE28 OAB	1,134 44
CQ00	Quintessence Fragrances Ltd	Unit 2A Hawthorn Ind Estate, Avis Way, Newhaven, East Sussex BN9 0DJ	14,788 80
CR00	Rexel Via Denmans Electrical Wholes	5th Floor Maple House, Mutton Lane, Potters Bar, Herts, EN6 5BS	194 58

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CR01	Reflex Labelsco Ltd	Moat Way, Barwell, Leicestershire, LE9 8EY	4,198 26
CR02	RPC Manuplastics Ltd	13-15 Lombard Road, Merton, London, SW19 3TZ	39,430 87
CR03	Roma International Plc	Lady Lane Industrial Estate, Hadleigh, Suffolk, IP7 6BQ	76,851 88
CR04	Royston Labels Limited	Unit 18, Orchard Road Ind Est., Royston, Herts, SG8 5HD	22,197 41
CR05	Robertet UK Ltd	Kings Road, Haslemere, Surrey, GU27 2QU	2,699 02
CR06	Raiseprint plc	Royd Way, Keighley, West Yorkshire, BD21 3LG	8,340 80
CR07	Roberts Metal Packaging	Unit 1 Birchmere Business Park, Nathan Way, Thamesmead, London, SE28 0AF	5,153 76
CR08	Raepak Ltd	Unit 9 Oaktree Business Park, Philip Ford Way, Wymondham, Norfolk, NR18 9AQ	2,448 00
CR09	Reecroot Ltd	22 High Street, Brandon, Suffolk, IP27 0AQ	130,185 27
CR0A	Rubicon Computer Systems Ltd	Rubicon House, Lamdin Road, Bury St Edmunds, Suffolk, IP32 6NU	5,883 36
CR0B	RS Components Ltd	PO Box 99, Corby, Northamptonshire, NN17 9RS	1,889 13
CR0C	Rose Chemicals Ltd	73 Englefield Road, London, N1 4HD	336 60
CR0D	Reflex Litho Ltd	St Helens Way, Fison Way Industrial Estate, Thetford, Norfolk IP24 1HG	672 66
CR0E	Roundtable on Sustainable Palm Oil	C/O Unit A-33A Tower A , Menara UOA Bangsar No5, Jalan Bangsar UTAMA 1, 59000 Kuala Lumpur	2,000 00
CR0F	Rivera Labels Ltd	Central Buildings , Woodland Close, Old Woods Trading Estate, Torquay, Devon, TQ2 7BB	15 44
CS00	Surfactchem Ltd	2 The Embankment, Sovereign Street, Leeds, LS1 4BA	69,557 53
CS01	Saxon Packaging	28 Harvest Drive, Lowestoft, Suffolk, NR33 7NJ	34,279 03
CS02	Schulke & Mayr UK Ltd	Cygnat House, 1 Jenkin Road, Meadowhall Sheffield, South Yorkshire, S9 1AT	9,850 12
CS03	Star Transport & Warehousing Ltd	Star House, Brunel Way, Thetford, Norfolk, IP24 1HP	5,118 53
CS04	St John Ambulance	Priory House, Duckamere Bramford, Ipswich, Suffolk, IP8 4AJ	696 00
CS05	Symrise Ltd	Fieldhouse Lane, Marlow, Bucks, SL7 1TB	11,438 09
CS06	Spectra Packaging	Antonne Way, Sparrowhawk Road, Holton, Suffolk, IP19 8QR	58,516 23
CS07	Screwfix Direct	Trade UK Account, Selectapost 28, Sheffield s987 3GE	599 42
CS08	SML Europe Ltd	Arkwright Road, Corby, Northamptonshire, NN17 5AE	2,741 57
CS0A	Statfold Seed Oils Ltd	The Grain Store, Statfold Barn Farm, Ashby Road, Tamworth Staffordshire, B79 0BU	2,846 65
CS0B	Soabar Ltd	7 Ashville Way, Whetstone, Leicester LE8 6NU	530 64
CS0C	Sweetbrnar Office Solutions	2 Frensham Road, Sweetbrnar Industrial Estate, Norwich Norfolk, NR3 2BT	824 75
CS0D	SRH SUPPLY	133 Reservoir Road, Solihul, West Midlands B92 8AR	856 80

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CS0E	Stolzle Flacounage Ltd	Weeland Road, Knottingley, West Yorkshire, WF11 8AP	4,310 16
CS0F	Sage (UK) Ltd	North Park, Newcastle upon Tyne, NE13 9AA	1,604 84
CS0G	Specialist Anodising Co Ltd	New Hall Works, Elm Street, Burnley, Lancs, BB10 1NY	708 14
CS0H	Stanley Security Solutions	Stanley House, Bramble Road, Swindon, Wiltshire, SN2 8ER	3,137 62
CS0I	SWALEC	P O Box 2346, Cardiff, CF23 8WE	10,583 71
CT00	Toyota Material Handling UK Ltd	706 Strling Road, Trading Estate, Slough, SL1 4SY	267 00
CT01	Taylor Davis Ltd	Albro House Moat Road, West Wilts Trading Estate, Westbury, Wiltshire, BA13 4JF	568 87
CT02	Thomas Ellis Engineering Ltd	Plough Road Centre, Plough Rd, Great Bentley, Colchester, Essex CO7 8LQ	5,865 53
CT03	The Kerfoot Group Ltd	Olive House Std Way Ind Est, Darlington Road, Northallerton, North Yorkshire, DL6 2XA	7,195 59
CT04	TALKTalk Business (Opal Telecom)	P O Box 136, Birchwood, Warrington, WA3 7WU	681 93
CT05	The Performing Right Society	PRS - Payments, PO Box 4575, Worthing, BN11 9AR	519 38
CT06	T C Fabrications (uk) Ltd	Unit 2, Hill Fort Close, Thetford, Norfolk, IP24 1HS	84 00
CT07	TPS Rental Systems Ltd	Unit 349, Rushock Trading Estate, Nr Droitwich, Worcestershire, WR9 0NR	6,540 84
CT08	Thames Packaging Group Ltd	4 St Peter's Road, Maidenhead, Berkshire, SL6 7QU	56,759 15
CT09	Team C Express Logistics Ltd	Caxton Way, Thetford, Norfolk, IP24 3QY	9,066 16
CT0A	Thor Specialites (UK) Ltd	Wincham Avenue, Wincham, Northwich, Cheshire CW9 6GB	11,607 60
CT0B	Tubex Tubenfabrik Wolfsburg GmbH	Am Industriepark 8, 9431 St Stefan, Austria	12,068 33
CT0C	Techfil Europe Ltd	Hall Road, Aylesford, Kent ME20 7QZ	762 71
CT0D	Todd Hayes Ltd	Office 1 Henderson Business Ct, Ivy Road, Norwich, Norfolk NR5 8BF	940 00
CT0E	TNT UK Ltd	P O Box 186, Ramsbottom, Bury, Lancs, BL10 9GR	1,949 42
CU00	United Closures & Plastics Ltd	Salthouse Road, Norwich, NR7 9AL	53,945 05
CU01	United Forktrucks (1992) Ltd	St Helens House, St Helens Way, Thetford, Norfolk, IP24 1RG	3,283 39
CU02	Universal Filling Machine Company	Pound Lane, Kingsnorth, Ashford, Kent, TN23 3JE	1,070 40
CU03	Ungerer Ltd	Sealand Road, ChesterCH1 4LP	2,721 60
CU04	Unex Design Ltd	Woodland Business Park, Woodland Road, Torquay, Devon TQ2 7AT	19,880 60
CU05	Univar B V	Blaak 333, 11 Floor, 3011 GB Rotterdam, The Netherlands	43,192 18
CV00	Videqjet Technologies Limited	4 & 5 Ermine Centre, Lancaster Way, Huntingdon, Cambs, PE29 6XX	4,274 09
CV01	Value Products Ltd	Unit 3, 2 Lansdowne Crescent, Bournemouth, Dorset, BH1 1SA	477 00
CV02	Viridor Waste Management Ltd	P O Box 237, Taunton, Somerset, TA1 1QU	4,382 56
CV03	Valpak Ltd	Stratford Business Park, Banbury Road, Stratford-upon-Avon, CV37 7GW	1,929 50

Signature _____

Begbies Traynor (Central) LLP
HMC Health & Beauty Limited
B - Company Creditors

Key	Name	Address	£
CW00	Wilfred Smith Ltd	Elm House, Medcott Close, Oakley Hay, Northants NN18 9NF	1,372 80
CW01	White Sea & Baltic Company Ltd	8 Kerry Hill, Horsforth, Leeds, LS18 4AY	14,521 50
CW02	Whitchem Ltd	23 Albert Street, Newcastle under Lyme, Staffs, ST5 1JP	546 92
CW03	Wolf Filtration Ltd	81 Burlington Street, Ashton-Under-Lyne, Lancashire, OL6 7HJ	466 80
CW04	Wren Packaging Ltd	Harrier House, Aviation Way, Southend on Sea, Essex SS2 6UN	2,985 14
CW05	Wm Morrison Supermarkets PLC	Hilmore House, Gain Lane Bradford, West Yorkshire, BD3 7DL	339 52
CW06	Whitfield Estates Ltd	The Grange, Market Street, Swavesey, Cambridge, CB24 4QG	40,308 00
CY00	Your Printer Cartridge Company	Unit 1, Londesborough Rd Business Park, Scarborough YO12 5AF	1,142 34
CZ00	Zeus Packaging (UK) Ltd	Aspect One, Gunnels Wood Road, Stevenage, Herts, SG1 2DG	2,540 32
CZ01	Zenith Print & Packaging	Gellhron Industrial Estate, Treforest, Pontypridd CF37 5SX	6,783 88

249 Entries Totalling

6,242,851 12

Signature _____

REMUNERATION AND EXPENSES

Total time spent to 11 May 2016 on this assignment amounts to 24 hours at an average composite rate of £199 per hour resulting in total time costs to 11 May 2016 of £4,774

To assist creditors in determining this matter, the following further information appears in this appendix

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis attached
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval)

Instruction of Eddisons Commercial Limited to provide valuation appraisal advice in relation to the Company's plant and machinery and stock to appraise the finance agreements, identify potential retention of title stock, attending site in preparation of interested party viewings and inspections, dealing with the landlord of the Company's premises and dealing with the negotiations of the sale

Eddisons Commercial Limited's charges will be equivalent to 10% of realisations. Their charges on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates set out above

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Staff Grade		Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration				8 8						8 80	2 332 00	265 00
	Case planning				9 2			17 3			26 50	4 773 50	180 13
Assets	Negotiation of sale of business +/- assets				53 1						53 10	14 071 50	265 00
Creditors	Other creditors				3 4			0 5			3 90	968 50	248 33
	Secured - correspondence and meetings				0 4						0 40	106 00	265 00
Other Matters	Meetings and correspondence with directors	60 0			12 5						72 50	27 012 50	372 59
	Travel				7 0			2 3			9 30	2 165 50	232 85
Total hours by staff grade		60 0			94 4			20 1			174 5		
Total time cost by staff grade £		23 700 00			25 016 00			2 713 50				51 429 50	
Average hourly rate £		395 00			265 00			135 00					294 72
Total fees drawn to date £												0 00	

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME HMC Health & Beauty Limited

CASE TYPE Administration

OFFICE HOLDERS Julian Pitts and Bob Maxwell

DATE OF APPOINTMENT 4 May 2016

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals

1.3 Overview of work undertaken prior to appointment

Prior to the Administration, we worked with the directors of the Company and other professional advisors in order to maximise the value of the Company's business and assets. It would not have been possible to undertake such a transfer after an Administration appointment due to the reasons set out in the main body of the report.

The work undertaken in order to secure an agreement which maximised the value of the business and assets was reviewing the financial position of the business, considering options, undertaking a targeting marketing campaign, providing interested parties with information, assessing offers, agreeing terms with the sole bidder, Prestige Personal Care Limited, and planning for an Administration.

1.4 Complexity of work undertaken prior to appointment

Finding an acquiring party was the most challenging aspect of this case undertaken prior to our appointment. This was mainly due to the time pressure caused by the Company's financial position.

1.5 Exceptional responsibilities

There have been no exceptional responsibilities in respect of the work undertaken prior to the Administrators' appointment.

1.6 The proposed Administrators' effectiveness

The proposed Administrators liaised with the secured creditors with regards to the necessary steps to place the company into Administration and secure the assets for the benefit of the creditors. In addition to this, the proposed administrators have sought professional advice as

regards disposal strategies which ultimately resolved in a sale of the business and assets immediately after the Joint Administrators' appointment on 4 May 2016. This will maximise realisations to the benefit of the creditors.

1.7 The views of the creditors

The secured creditors were kept fully up to date during the period leading up to the appointment of Administrators. The views of creditors as regards pre-appointment costs have not been directly sought until this point.

1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	51,429.50	10,285.90	61,715.54
Legal Fees	Gately plc	14,500.00	2,900.00	17,400.00
Legal Disbursements	Gately plc	174.50	34.90	209.40
Agent's Fees	Eddisons Commercial Limited	30,650.00	6,130.00	36,780.00
Agent's Disbursements	Eddisons Commercial Limited	1,055.00	211.00	1,266.00
Corporate Finance	BTG Corporate Finance	14,500.00	2,900.00	17,400.00
TOTAL PRE-ADMINISTRATION COSTS		112,309.00	22,461.80	134,770.80

1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

Category 2 Disbursements

Pursuant to the resolution being sought in relation to the unpaid pre-administration costs, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements are proposed to be charged in relation to the period prior to appointment.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – 1,122 miles	205.31
Rail Travel	117.50
Subsistence	10.76
TOTAL	333.57

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
Agents costs and disbursements- Preparation of asset valuation and inventory	30,650 00
Disbursements – travel and accommodation	1,055 00
Corporate Finance fees	14,500 00
TOTAL	46,205 00

1 10 Other professionals employed & their costs

Gately plc ("Gately") were engaged to assist us with the pre-appointment work. Their role included drafting of a sale contract and licence to occupy.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2.

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2.

HMC Health & Beauty Limited

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached

General case administration and planning

The Joint Administrators have formulated an appropriate strategy, monitoring and reviewing such strategy including meetings with internal and external parties to agree the same. We are required to maintain records to demonstrate how the case is administered and to document the reasons for any decisions that materially affect the case. This includes regular updates with staff and regular case management and reviewing of progress. Time to be spent also includes complying with internal filing and information recording practices, including documenting strategy decisions and liaising with key stakeholders in respect of planning and strategy.

Compliance with the Insolvency Act, Rules and best practice

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the Administration. This includes providing initial statutory notifications of our appointment to the creditors, shareholders and other stakeholders, and advertising our appointment. Time will be spent in reviewing matters affecting the outcome of the administration and complying with internal checklists and reviews.

The Insolvency Act and Rules require that the Joint Administrators produce interim progress reports on a six monthly basis to provide an update to the creditors on the progress made in the Administration, provide an analysis of time costs incurred and a review of actual costs and accrued costs against this fees and expense estimate.

Should the Administration require to be extended beyond its statutory term of 12 months, the Administrators have a duty to seek an extension, firstly from the creditors and subsequently by order of the court, should a further extension be required.

Progress reports, receipts & payments and other statutory documentation detailed above must also be sent to creditors under the provisions of the Insolvency Act. The Joint Administrators will also periodically monitor realisations and compare with the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interests of the Company's creditors.

In addition, a final progress report will be required to be produced when the Administration has reached its conclusion and final statutory documentation. This will provide creditors with an overview of the Administration as a whole, including all realisations, costs and, subsequently, the final outcome for creditors.

Investigations

The Joint Administrators will undertake investigations regarding the conduct of the directors and reporting thereon investigations into the affairs and transactions of the Company

Due to the information available at this time and that investigations may uncover possible actions which could be brought for the benefit of creditors, this is the main area which may see an increase in the amount of time in order to achieve a greater return to the Administration estate

Realisation of assets

As detailed in the main body of the proposals, the Joint Administrators accepted an offer of £275,000 for the business and certain assets from Prestige Personal Care Limited ("PPC") following a period of negotiation immediately after the appointment of the Joint Administrators on 4 May 2016

To date, £150,000 has been received in respect of business intellectual property, benefit of the contacts, goodwill, stock and an element of the equipment. The balance of funds is being paid on deferred terms on or before 1 June 2016. This sum of £125,000 will be apportioned solely to equipment. We will monitor the collection of the deferred consideration due.

There are also a number of creditors who are claiming retention of title over stock. The Joint Administrators are liaising with these creditors and assessing each claim for validity before advising the purchaser on how to proceed with the claim. Managing and investigation of retention of title claims, including site inspections and meetings where necessary, is a time consuming task.

The Company's book debt ledger stood at £[x] at the date of our appointment. The book debts are subject to an invoice discounting facility with Lloyds Bank Commercial Finance Limited. Given the continuity of the Company's business and PPC continuing to supply the Company's customers it is anticipated that the book debt ledger will be recovered in full. We will provide assistance with the book debt collections and provide Lloyds with regular updates as appropriate.

Dealing with all creditors' claims (including employees), correspondence and distributions

Due to the nature of the Company's business and the amounts outstanding to a number of creditors, it resulted in a significant number of enquiries from the creditors requesting further information in respect of the insolvency. Dealing with the correspondence and claims submitted is very time intensive and is necessary to keep creditors informed as matters progress. We understand from available records that there are approximately 240 unsecured creditors.

Submitting notification to the Pension Protection Fund and Pension Regulator in respect of any pension matter. It may be necessary to liaise with employees should they have any queries in respect of the sale to PPC and their position. We are also aware of outstanding monies due to employees who had been made redundant prior to the deterioration of the Company's historical position.

Other matters which includes meetings, tax, litigation, pensions and travel

Further travel costs are likely to be incurred meeting with the various retention of title creditors who require to conduct an inventory of stock which they believe they still retain the title over.

We will also be required to submit tax returns and deal with the tax calculations and issues.

How much will this further work cost?

As detailed in the fee estimate attached at Appendix 3, we estimate the total time costs for the administration to total £90,210. Please be advised that this is just an estimate based upon the time spent on similar historic cases.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at Appendix 3.

Staff Grade	Partner	Director	Snr Mgr	Mngr	Asst Mgr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning												
Case planning												0.00
Administration				0.8						0.8	212.00	265.00
Total for General Case Administration and Planning				0.8						0.8	212.00	265.00
Compliance with the Insolvency Act Rules and best practice							4.9			4.9	1,483.00	185.38
Appointment				3.1						3.1		
Banking and Bonding												0.00
Case Closure												0.00
Statutory reporting and statement of affairs				4.0			7.3			11.3	2,045.50	181.02
Total for Compliance with the Insolvency Act, Rules and best practice				7.1			12.2			19.3	3,528.50	182.82
Investigations												0.00
GDRA and Investigations												0.00
Total for Investigations												0.00
Realisation of assets												0.00
Debt collection												0.00
Property business and asset sales				0.8						0.8	212.00	265.00
Retention of Title/Third party assets				1.0						1.0	265.00	265.00
Total for Realisation of assets				1.8						1.8	477.00	268.00
Trading												0.00
Total for Trading												0.00
Dealing with all creditors claims (including employees) correspondence and distributions												0.00
Secured												0.00
Others				0.5						0.5	132.50	265.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions				0.5						0.5	132.50	265.00
Other matters which includes meetings tax, litigation pensions and travel												0.00
Meetings				1.6						1.6	424.00	265.00
Other												0.00
Tax												0.00
Litigation												0.00
Total for Other matters				1.6						1.6	424.00	265.00
Total hours by staff grade				11.8			12.2			24.0		
Total time cost by staff grade				3,127.00			1,847.00				4,974.00	
Average hourly rate £				265.00			135.00		0.00			199.82
Total fees drawn to date £											0.00	

HMC HEALTH & BEAUTY LIMITED**THE ADMINISTRATORS' FEES ESTIMATE**

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is attached. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>

Dated 11 May 2016

Staff Grade	Partner	Director	Snr Mgr	Mngr	Ast Mgr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	8 00	-	-	15 00	-	-	5 00	-	-	28 00	7 810 00	278 93
Administration	-	-	-	6 00	-	-	10 00	-	6 00	22 00	3 600 00	163 64
Total for General Case Administration and Planning	8 00	-	-	21 00	-	-	15 00	-	6 00	50 00	11 410 00	228 20
Compliance with the Insolvency Act, Rules and best practice	2 00	-	-	5 00	-	-	10 00	-	-	17 00	3 485 00	203 82
Banking and Bonding	-	-	-	2 00	-	-	2 00	-	3 00	7 00	1 130 00	161 43
Case Closure	2 00	-	-	5 00	-	-	10 00	-	-	17 00	3 485 00	203 82
Statutory reporting and statement of affairs	4 00	-	-	22 00	-	-	28 00	-	-	54 00	11 190 00	207 22
Total for Compliance with the Insolvency Act, Rules and best practice	8 00	-	-	34 00	-	-	50 00	-	3 00	95 00	19 250 00	202 83
Investigations	2 00	-	-	10 00	-	-	20 00	-	-	32 00	6 140 00	191 88
GDAA and investigations inc bank accounts etc	-	-	-	10 00	-	-	20 00	-	-	32 00	6 140 00	191 88
Total for Investigations	2 00	-	-	10 00	-	-	20 00	-	-	32 00	6 140 00	191 88
Realisation of assets	15 00	-	-	20 00	-	-	20 00	-	-	55 00	13 925 00	253 18
Debt collection inc property loan accounts assets	6 00	-	-	20 00	-	-	10 00	-	-	38 00	9 810 00	258 18
Property, business and asset sales	5 00	-	-	15 00	-	-	15 00	-	-	35 00	7 875 00	227 86
Retention of Tiller/Third party assets	28 00	-	-	55 00	-	-	45 00	-	-	128 00	31 710 00	247 73
Total for Realisation of assets	-	-	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-	-	-
Total for Trading	-	-	-	-	-	-	-	-	-	-	-	-
Dealing with all creditors claims (including employees), correspondence and distributions	5 00	-	-	18 00	-	-	10 00	-	-	33 00	8 085 00	245 30
Secured	-	-	-	12 00	-	-	30 00	-	-	42 00	7 230 00	172 14
Others	-	-	-	-	-	-	-	-	-	-	-	-
Creditors committee	-	-	-	-	-	-	-	-	-	-	-	-
Total for Dealing with all creditors claims (including employees), correspondence and distributions	5 00	-	-	30 00	-	-	40 00	-	-	75 00	15 325 00	204 33
Other matters which includes meetings, tax, litigation, pensions and travel	2 00	-	-	4 00	-	-	4 00	-	-	10 00	2 390 00	239 00
Meetings	3 00	-	-	5 00	-	-	5 00	-	-	13 00	3 185 00	245 00
Other	-	-	-	2 00	-	-	2 00	-	-	4 00	800 00	200 00
Tax	-	-	-	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-	-	-	-	-	-
Total for Other matters	5 00	-	-	11 00	-	-	11 00	-	-	27 00	6 375 00	236 11
Total hours by staff grade	56 00	-	-	161 00	-	-	181 00	-	9 00	407 00	-	-
Total time cost by staff grade	22,120 00	-	-	42,665 00	-	-	24,435 00	-	990 00	-	90,210 00	-
Average hourly rate £	395 00	345 00	175 00	265 00	100 00	175 00	135 00	110 00	110 00	-	-	221 65
Total fees drawn to date £	-	-	-	-	-	-	-	-	-	-	-	-

HMC HEALTH & BEAUTY LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No	Type of expense	Description	Estimate £
1	Accountant's fees	Assistance with statement of affairs and corporation tax work	4,000 00
2	Advertisements	Of appointment, meetings, dividends etc	169 20
3	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	480 00
4	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	5,000 00
5	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	100 00
6	Travel	Travel to and from the Company's leasehold premises	400 00

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration

SIP 16 STATEMENT

Background Information

Our proposals for achieving the purpose of the administration provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

Following the acquisition of Nichol Beauty Products by the Robert McBride Group, a number of the Nichol Beauty Products management team decided to start a new business, manufacturing health and beauty products. They formed HMC Health & Beauty Limited ("the Company") in 2000.

Initial working capital was funded through share capital, shareholder and other loans.

The Company grew steadily and successfully and in 2002 moved to its current 42,000 sq ft facility based in Thetford Norfolk. The Company gradually increased its skills and capabilities, developing from a solely contract manufacturing operation to a full service facility. This enabled them to supply a broad spectrum of product categories from providing innovative concept ideas through to trend analysis, packaging sourcing, formulation development, manufacture and delivery of finished goods to brand owners and retail outlets.

The Company built up a strong reputation in the health and beauty market, due to the key relationships with suppliers and high street retail customers.

The business began to face financial difficulties and its year end results to June 2013 stated a loss of £151,611. This was due to operating inefficiencies which continued until the necessary production capacity was put in place. This impacted upon the Company, reflecting in gross margin pressure. Whilst the second half of the year improved with sales increasing, there was a business growth cost due to this and operating efficiency was comprised.

In addition to the operating issues, the Company lost three customers in the second half of 2013, one being a major customer who accounted for 40% of the Company's sales, which resulted in a loss of approximately £6m orders. At this time the Company sought to merge with a competitor, however after undertaking the necessary due diligence, the competitor pulled out. Shortly after this, the Company lost a further customer to the competitor.

Despite the Company's trading challenges and issues faced, the Company's turnover to the year end June 2014 was £10.5m (£14.3m 2013). This was due to a refocus of the commercial strategy following a business restructure in the early part of 2014, which led to significant new business from existing and new customers. The removal of significant reliance on one customer also provided further stability.

Unfortunately the increased cost of supporting sales recovery, the over investment of stock and the loss of customers, resulted in significant losses and impacted on the Company's financial position. The Company's total sales in the year to 30 June 2015 were £8.3m.

The Company has an invoice discounting facility with Lloyds Bank Commercial Finance ("Lloyds") and in September/October 2015, the Company's customer credit limit was temporarily reduced from £1.5m to £750k. Whilst this was restored by Lloyds, this further compounded on the Company's cash flow, with the Company missing creditor payments which in turn led to greater creditor pressure.

To recover the losses, the shareholders loaned money to the Company of approximately £750k.

In February 2016, the Company's financial position further deteriorated as a customer owing the Company approximately £300k entered into administration. Despite the Company successfully recovering its branded product from the duly appointed administrators, the time taken from retaking possession and the onward sale of the retention of title goods had a significant impact on the Company's ability to meet creditor payments.

The reasons for the Company's insolvency

In March 2016, the Company's directors sought the advice of their accountants, Michael Dack & Company, as it felt that its financial position was becoming too difficult to manage. At this point, it was agreed that the Company would seek investment and/or a sale of the Company as a going concern. The Company sought to identify a number of potentially interested parties.

By late March early April 2016 it became apparent that there was likely to be limited interest. The Company's cash position was deteriorating and creditor payments were not being honoured. At this stage, Michael Dack & Company recommended that the Company speak to Begbies Traynor Group for insolvency advice.

We were formally engaged by the Company on 5 April 2016 to provide insolvency advice and undertake an accelerated marketed process. BTG Corporate Finance, an entity within the Begbies Traynor Group, was also instructed to assist with the marketing process. Following the marketing campaign, two parties submitted indicative offers for the purchase of the Company's business via an insolvency process.

The reasons for the pre-packaged sale

Once it became clear that the Company could no longer continue to trade on a solvent basis and that it was unable to raise additional finance within the timeframe required either by way of investment and/or a share sale, it was necessary to consider all available options.

The options available were as follows:

- 1 Close the business and sell the tangible assets
- 2 Place the Company into a formal process and trade on with a view to finding a purchaser
- 3 Undertake an accelerated sales process prior to an insolvency event with a view to finding a purchaser for the Company's business and assets
- 4 Implement a wind down of the business through a liquidation process, with the latter resulting in the loss of approximately 120 jobs

Placing the Company into administration and trading for a short period with a view to finding a buyer was considered. However this was considered to be unfeasible for a number of reasons, mainly the significant trading cash requirement for a short period of time and the inherent risk of trading in administration such as health & safety issues and dealing with the waste and hazardous chemicals on site.

The alternative of an immediate closure would have resulted in the loss of approximately 120 jobs as well as significant reduction in any net realisations because of the significant holding costs, auction fees, insurance, rental liability and chemical and flammable waste clearance costs.

In light of the above, it was considered necessary to undertake a pre-packaged sale whereby the Company's business was marketed prior to an administration appointment and that on administration an immediate sale of the Company's business and assets would be undertaken.

The sale of the Company's business and assets to Prestige Personal Care Limited ("PPC") has ensured that the goodwill has remained intact, continuity of the business to enable higher debtor collections than in a liquidation process and it has preserved the employment of 120 staff and realised a better return to its creditors had it been wound up.

The statutory purpose of administration that was pursued

Paragraph 3 of Schedule B1 to the Act provides as follows:

"3 (1) The administrator of a company must perform his functions with the objective of-
rescuing the company as a going concern,

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

In this instance, it was not possible to rescue the Company as a going concern. We, therefore, sought to achieve 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)

We consider that this objective has largely been achieved due to the sale of the business and assets to PPC on 4 May 2016, which would otherwise not have been possible to achieve had the Company been wound up

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

The initial introduction was made via the Company's accountants, Michael Dack & Company Accountants, at a meeting on 29 March 2016. At this time we were brought in to consider potential insolvency options.

What was the extent of Julian Pitts and Bob Maxwell, their associates and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

Following the meeting on 29 March 2016 referred to above, Begbies Traynor (Central) LLP entered into an engagement letter with the Company to provide insolvency advice. This letter was signed on 5 April 2016.

Prior to their appointment, the proposed Administrators advised the Company and not the directors on their personal position. The directors were encouraged to take independent advice.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Julian Pitts and Bob Maxwell prior to their formal appointment as Administrators and not by the directors of the Company. It was made clear to the directors that once Julian Pitts and Bob Maxwell were appointed as Administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

For the avoidance of doubt, Julian Pitts and Bob Maxwell or indeed Begbies Traynor (Central) LLP have had no material professional relationship with the Company in the last three years.

Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?

As far as the Administrators are aware, the business and assets of the company were not acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

As reported above, an accelerated marketing sale process was undertaken. BTG Corporate Finance were engaged to provide and send a teaser document to targeted purchasers and their advisor database. As well as the targeted purchasers and advisor database, a further 66 potential parties were identified together with 23 of the Company's competitors. The teaser document was sent to all parties on 12 April 2016 requesting offers by 25 April 2016. Of the approx 100 that were approached, 31 requested and were sent non-disclosure agreements. 24 of these returned the signed agreements and were provided access to the data room. Of these 24 parties, 17 sought further information and only 7 attended site. Following this, only two parties came forward with indicative offers.

One of the two parties progressed their offer and paid the Company a £50,000 non refundable deposit on 26 April 2016 for exclusivity to proceed with a sale via an administration process. The second party subsequently withdrew their interest.

The period of marketing was determined by the Company's deteriorating cash position, the Company being on pro forma with all suppliers and its increasing creditor pressure as creditors were threatening legal action on a daily basis.

The marketing undertaken was to a wide range of potential purchasers including competitors and was considered to have targeted the widest group in the time available.

Following one party withdrawing their indicative offer, the offer from PPC was the only offer that remained. After consideration of this offer and, after consideration of the alternatives, the offer from PPC was accepted.

What valuations of the Company's undertaking and assets were obtained?

The Company obtained a valuation of the machinery and business assets in November 2015 from Hilco Valuation Services. This valuation was sought with a view to assist with the Company's financial decisions. The Company's business owned assets were valued to have a market value "in-situ" of £521,950 and an "ex situ" value of £234,300. The unencumbered assets having a value of £130,500 in situ and £62,000 ex situ.

The Administrators instructed Eddisons Commercial Limited ("Eddisons") to attend the Company's trading premises to carry out an appraisal of the Company's assets. Eddisons attended on site on 11 April 2016. Eddisons verified the valuation undertaken by Hilco Valuation Services.

<u>Categories of Assets</u>	<u>Valuation £ (going concern basis)</u>	<u>Valuation £ (break-up basis)</u>
<i>Leasehold property</i>	Nil	Nil
<i>Stock</i>		
Materials £1,205,970	250,000	50,000
Misc stock £14,114	Nil	Nil
<i>Plant & Machinery</i>	521,950	234,300
<i>Goodwill</i>	Nil	Nil
<i>Intellectual property</i>	Nil	Nil
<i>Contracts</i>	Nil	Nil

The value of the stock is based on the stock held by the Company as at the date of sale, comprising largely of chemicals, bottles, perfumes, labels, caps and pumps. It takes into consideration the potential retention of title ("ROT") claims. An amount of stock was also held at an off site storage facility over which the storage company was holding a lien in respect of unpaid invoices and is therefore considered to have a nil value. Historically the Company stock piled obsolete stock after the loss of customers. The sale value of these items is minimal.

The valuation of the plant and machinery has been comparable to the market where assets of this nature are consistently being bought and sold. However, certain assets are of a more specialist nature. Removal costs which would be borne by a purchaser are not taken into account on an ex situ basis. This would affect any offers made. It does not take into consideration the significant costs that would be incurred on an anticipated twelve week period of disposal.

The anticipated costs would significantly reduce net realisations and such costs would include property holding costs, rent liability, insurance, auction fees, clearance of bulk waste and hazardous chemicals. The costs of removing the hazardous chemical waste were estimated to be in the region of circa £200,000. These estimates were obtained from outside sources.

The Company was in arrears of rent.

We were advised that the Company has no customer contracts in place however the Company was trading subject to the customers' terms and conditions. Therefore, no value was attributable to the contracts.

What security has the Company provided to its creditors?

The company has granted six charges since the date of incorporation, four of which have been satisfied. The two outstanding charges are as follows:

Lloyds have the benefit of a fixed and floating charge debenture created on 30 November 2009 and registered at Companies House on 3 December 2009, the purpose of which was to secure the Confidential Invoice Discounting facilities provided to the Company.

The Bank of Scotland has the benefit of a fixed and floating charge debenture over the entire assets and undertakings of the business, created on 13 February 2007 and registered at Companies House on 16 February 2007.

What alternative courses of action were considered by Julian Pitts and Bob Maxwell?

In view of the financial circumstances, it was clear that in the absence of any significant additional funding, the Company had to enter a formal insolvency procedure. The three procedures available were Company Voluntary Arrangement ("CVA"), Creditors' Voluntary Liquidation ("CVL") or Administration.

A CVA was not considered feasible as the Company's cashflow forecasts indicated that there would be insufficient cash available to make material contributions to the creditors. The Company was also on pro forma with most of its creditors and therefore coming to an arrangement whereby the Company would repay historic creditors alongside ongoing liabilities was not considered to be viable.

A CVL would require the immediate cessation of the business and all its activities and the Company's assets to be realised on a forced sale basis. The realisable value of the Company's assets would have significantly diminished. The liquidation of the Company would have also resulted in the staff being made redundant, crystallising additional unsecured creditor claims.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

The marketing activity undertaken by the Company, BTG Corporate Finance and Begbies Traynor indicated that there were no further interested parties. In addition, there were inherent risks of trading such as holding costs, landlord's liabilities and health and safety insurance risks.

What requests were made to potential funders to fund working capital requirements during the administration?

For the reasons set out above this was not considered to be a realistic option.

What efforts were made to consult major creditors?

The Company's secured creditors, Lloyds and the Bank of Scotland were consulted throughout the process. It was also necessary to discuss the position with several of the Company's unsecured creditors during the marketing process.

What was the date of the transaction?

The date of the transaction was 4 May 2016.

What were the assets sold and what was the nature of the transaction?

The assets listed below were sold as part of the transaction. The business was sold on a going concern basis with employee contracts transferring to the buyer upon completion.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

PPC acquired the following assets of the Company for the total consideration of £275,000. Of this amount a £50,000 non refundable deposit was paid on 26 April 2014 and £100,000 consideration paid on completion. The balance of £125,000 shall be payable on or before 1 June 2016 in accordance with the terms of the sale agreement.

As part of the sale the employees' contracts and estimated liabilities of approximately £599,234 also transferred to the purchaser. The significant TUPE liability transferring to the purchaser was reflected in the offer received for the Company's business and assets.

<u>Categories of Assets</u>	<u>Valuation (going concern basis) £</u>	<u>Valuation (break-up basis) £</u>	<u>Sum realised £</u>	<u>Fixed or Floating charge realisation</u>
<i>Leasehold property</i>	Nil	Nil	Nil	-
<i>Stock</i>				
<i>Materials</i> £1,205,970	250,000	50,000	52,998	Floating
<i>Misc stock</i> £14,114	Nil	Nil	Nil	
<i>Plant, Machinery & Office Equipment</i>	521,950	234,300	140,000	Floating
<i>Goodwill</i>	Nil	Nil	82,000	Fixed
<i>Intellectual property</i>	Nil	Nil	1	Fixed
<i>Contracts</i>	Nil	Nil	1	Floating
Total	771,950	284,300	275,000	

Stock

The offer for stock was heavily discounted due to the potential deductions for ROT claims. The majority of the stock held will be subject to ROT claims. PPC are obliged to continue to deal with ROT claims with the assistance of the joint administrators.

Plant, machinery and office equipment

The offer for the plant and machinery and office equipment whilst not on a going concern basis, it is higher than the net realisations that would have been achieved on a break up basis when taking into consideration approximately 12 week disposal costs and auction fees, detailed above, estimated to be in the region of circa £200,000.

As part of the sale, the liability of the financed assets has also transferred to PPC.

Taking into consideration the TUPE liability, the financed asset liabilities and the holding, disposal and auction costs, the offer received from PPC for the Company's business and assets is in line with the going concern values.

The Company's premises were leasehold and as at the date of appointment, the outstanding rent was approximately £40,308. PPC have entered into a six month licence to occupy with the joint administrators, with the payment of rent once month in advance.

The book debts are subject to an invoice discounting facility with Lloyds and have been excluded from the

sale However given the continuity of business, PPC will assist Lloyds and the administrators in collecting the book debt ledger This is to ensure maximum realisations in this regard

Mitchell Laurence Field, the director of PPC has provided a personal guarantee in favour of the Company in administration in relation to the deferred consideration outstanding of £125,000

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Prestige Personal Care Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

The Joint Administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

From information provided by the Company and obtained at Companies House, the Joint Administrators are not aware of the directors, or former directors of the Company being involved in the management of the purchaser or any other entity into which the assets have been transferred Several of the directors have however transferred to the purchasing company under TUPE regulations

The pre-pack pool

The pre-pack pool has not been approached by the purchaser as they are not a connected party and it was, therefore, considered unnecessary

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

No

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

None