

The Insolvency Act 1986

**Statement of administrators' proposals**

Name of Company Cutis Developments Limited	Company number 07297483
In the High Court of Justice, Chancery Division [full name of court]	Court case number 1445 of 2016

We (a) Mark Supperstone and Simon Harris of ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB

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

A copy of these proposals was sent to all known creditors on 11 April 2016

Signed [Signature]  
Joint Administrator

Dated 11/4/2016

**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

ReSolve Partners Limited	
One America Square, Crosswall, London, EC3N 2LB	
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A18 12/04/2016 #15  
COMPANIES HOUSE

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Companies House, Crown Way, Cardiff, CF14 3UZ  
33050 Cardiff

DX

TUESDAY

**Cutis Developments Limited  
in Administration (the Company)**

**Joint Administrators' proposals**

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## 1 INTRODUCTION

Mark Supperstone and Simon Harris, both of ReSolve Partners Limited (ReSolve), were appointed as Joint Administrators of Cutis Developments Limited trading as ProSkin (the Company) on 4 April 2016

Statutory information relating to the Company is attached at **Appendix 1**

## 2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

### Company Background

Cutis Developments Limited (the Company) was incorporated in June 2010 and started trading its first advanced skincare clinic in September 2010. The initial founders were Dominic Perks and Mats Stigzelius who provided the initial startup capital to the business to open and operate its first clinic. The founders are serial entrepreneurs with experience in managing companies, raising finance, developing company strategy, the retail format development, property sourcing and fit out.

The Company was set up to roll out a chain of advanced skincare and laser clinics in the UK, mainly focused on treatments such as laser hair removal and anti-ageing treatments. Over the years additional treatments such as laser tattoo removal were added to the Company's offering. At the time of the launch, there was a gap in the market to make advanced skincare clinics more approachable, with broader mass market appeal, by creating friendly clinics in convenient locations, backed by high quality equipment, effective treatments and excellent customer service.

The Company first opened clinics under the trading name "Trueskin". The first location opened as a concession in Bentalls Department Store in Kingston (this was subsequently moved to a larger standalone site in Esher). The Company expanded into Bluewater Shopping Centre, Kent (Bluewater) with a standalone clinic (which was subsequently expanded to include another larger site within Bluewater). About a year later a third clinic was opened in Harley Street, London.

In the meantime, a second brand, "Proskin" was created to provide an affordable advanced skin clinic format. The Proskin clinics offered simple 'pay as you go' pricing and a simplified treatment offering, focusing on the most popular treatments.

The initial Proskin sites were set up as concessions within Superdrug stores. Having opened seven clinics within Superdrug London (Marble Arch, Strand), Epsom, Guildford, Milton Keynes, Hounslow and Metrocentre, it became apparent that there was client demand for larger, standalone Proskin clinics. Over the following years, new standalone Proskin clinics were opened and the smaller Superdrug clinics were moved to larger standalone clinics nearby. Standalone clinics were opened in London (Liverpool Street, Welbeck Street and Shepherd's Bush), Newcastle and Metrocentre.

From 2012 onwards, the Company developed an experienced board of directors which held monthly meetings to review trading and financial performance and agree strategic growth initiatives.

The Company's subsequent and ongoing growth was funded by private investors via equity investment. In addition to equity financing, the Company entered into lease finance agreements to acquire the clinics laser equipment.

From 2010 to early 2015, the business grew steadily on the back of new clinic openings, increasing client demand following increased marketing and the introduction of new treatments (such as tattoo removal and cellulite reduction).

In early 2015, the Company's Board decided that operational efficiencies would be gained by converting the three Trueskin clinic locations to the Proskin branding format, which was proving to be a more popular format. At the end of 2015 there were 12 Proskin clinics (with 45 treatment rooms) across the UK, with the majority of clinics in and around London.

The business won 'Best Clinic Chain in the UK' in 2014 and 'Best new Clinic' in 2015. At its peak, the Company was undertaking over 10,000 treatments per month. By end of 2015, the company employed circa 110 staff and had carried out circa 250,000 treatments to over 40,000 customers. The employee base was

mainly clinic based therapists and clinic managers, supported centrally by a call centre and a small team covering property, recruitment, finance, marketing and company administrative functions

Having grown to 12 clinics by spring 2015, a new CEO was brought in to run the Company in June 2015. However, trading deteriorated in the following months and it was decided in November 2015 that the CEO was unable to deliver the required performance to drive the business forward towards achieving a breakeven / profitable position, and accordingly was removed.

In light of the poor trading performance, the Company commenced a reduction of its costs base (including redundancies) to offset losses. A replacement CEO was appointed to stabilise the business and implement a recovery plan. The replacement CEO commenced a further equity fund raising process with a view to raising circa £1.5 million for the recovery plan to be executed. Unfortunately the Company was unable to raise sufficient funding to meet its ongoing cash requirements to implement the recovery plan.

As a result of the unsuccessful fund raise, the Board concluded it was unlikely to be able to continue trading without a cash injection or restructuring. On 14 March 2016, ReSolve Partners Limited (ReSolve) was contacted by the Company's board to discuss options. An accelerated marketing campaign was commenced and the directors of the Company filed a notice of intention to appoint an administrator on 18 March 2016 to provide breathing space from creditor action whilst the marketing process was conducted.

Following conclusion of the marketing process, and an offer being received for the Company's business and assets to be acquired via a pre-pack Administration, the directors of the Company filed the necessary appointment documents at Court on 4 April 2016 to appoint Simon Harris and Mark Supperstone as Administrators of the Company to conclude a sale of the Company's business and certain assets (further details provided later in this report).

The appointment permitted the Joint Administrators to take any actions required either jointly or alone. Mark Supperstone is the Administrator primarily involved in dealing with the Company's affairs.

A summary of the Company's recent trading performance is shown below.

Financial statements									
Profit and loss account	Y/E	Y/E	Y/E	Y/E	Balance sheet as at	As at	As at	As at	As at
	31-Dec 12	31-Dec 13	31-Dec 14	31-Dec 15		31-Dec 12	31-Dec 13	31-Dec 14	31-Dec 15
	Statutory £	Statutory £	Statutory £	Management £		Statutory £	Statutory £	Statutory £	Management £
Turnover	986 442	2 353 857	4 155 459	5 536 276	Fixed assets	1 176 909	1 655 604	3 175 746	3 289 035
Cost of Sales	(204 333)	(1 521 263)	(2 434 537)	(703 311)	Current assets	391 300	396 488	1 224 764	540 027
Gross profit	782 109	832 594	1 720 922	4 832 965	Creditors due < 1 year	(440 050)	(825 865)	(1 283 308)	(1 147 663)
Administrative expenses	(1 303 923)	(1 855 827)	(3 097 691)	(4 169 538)	Creditors due > 1 year	(396 637)	(600 311)	(698 556)	(969 028)
Other operating income					Net assets	731 522	625 916	2 418 546	1 712 371
Operating profit/(loss)	(521 814)	(1 023 233)	(1 376 769)	663 427	Capital and reserves				
Overheads and depreciation				(2 919 815)	Called up share capital	2 434	2 592	4 442	10,386
Interest payable on ordinary activities	(46 771)	(138 382)	(330 907)	(95 322)	Share premium account	1 797 632	2 853 483	6 352 039	8 721 310
Loss on ordinary activities					Profit/(loss) account	(1 068 544)	(2 230 159)	(3 937 835)	(7 019 326)
before tax	(568,585)	(1 161 616)	(1 707 676)	(2 351 710)	Shareholders funds	731 522	625,916	2 418 546	1 712,370
Taxation	-								
Net profit/(loss)	(568,585)	(1 161 616)	(1 707 676)	(2 351 710)					

Source: Company's management and statutory accounts

It should be noted the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position. Please note that the Company's management profit and loss account reserve as at 31 December 2015 has increased by more than the 2015 loss. This will be reviewed in due course.

### 3 OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

The purpose of an Administration is to achieve one of the three objectives set out in the insolvency legislation, which are to

- (a) rescue the Company as a going concern, or
- (b) 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), or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate

As a result, the Administrators are seeking to achieve objective (b) for the Company. The sale of the Company's business and certain assets (further details of which are provided later in this report) has resulted in a better realisation than would have been achievable in liquidation. Furthermore, the sale has allowed for 85 jobs to be saved and reduced creditor claims as the purchaser is honouring pre-paid customer deposits. In addition, the sale has allowed for the potential assignment of the Company's leases thereby potentially further increasing the assets available for creditors. The sale of the business and certain assets excluded, amongst other things, the Company's rent deposits, it is considered that on assignment of leases the rent deposits will be returned to the Company. In a liquidation scenario it is considered that the Company's landlords would have sought to forfeit leases, accordingly the recoverability of rent deposits would have been significantly diminished. Should the majority of rent deposits be recovered this may result in a dividend being available for unsecured creditors and therefore allow the administrators to achieve objective b.

In the event it is not possible to recover sufficient further sums from rent deposits to enable a dividend to unsecured creditors, the Administrators consider it will be possible to pay a dividend to preferential creditors, thereby achieving objective (c) of Administration.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If the Administrators are unable to complete the Administration of the Company within 12 months then they will either apply to the Court, or hold a meeting of the appropriate classes of creditors, in order to seek approval to extending the duration of the Administration.

### 4 ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

The Administrators decided that it was not appropriate to continue the business of the Company and that an immediate sale of the Company's business and certain assets was the best way to achieve the objective of the Administration. As a result, on 4 April 2016, the Administrators concluded a sale of the Company's business and certain assets to Biosupplements Limited (BL or the Purchaser) (further details are provided at section five and **Appendix II** of this report).

A summary of the matters dealt with since the Administrators' appointment is outlined below.

- Completed a sale of the Company's business and certain assets to the Purchaser
- Attended the Company's premises excluded as part of the sale of the Company's business and certain assets (the Excluded Premises) to advise employees of their termination or transfer of employment
- Written to all employees to advise of the transfer or termination of their employment
- Written to the Company's pre-appointment bankers, HSBC Bank plc (HSBC) to seek recovery of the cash at bank
- Liaised with the Purchaser regarding access to the Excluded Premises
- Instructed an agent, Lambert Smith Hampton (LSH) to assist with granting access to the Excluded Premises

- Contacted the landlords at the Excluded Premises regarding the Purchaser's attendance to remove assets acquired
- Liaised with the Company's pre-appointment auditors, KPMG LLP
- Corresponded with the Company's pre-appointment solicitors, Charles Russell Speechleys LLP (CRS)
- Liaised with creditors regarding claims and enquiries
- Drafted my Statement of Insolvency Practice 16 (SIP 16) report to creditors (please see section five and **Appendix II** of this report)
- Drafted these proposals and report, and
- Addressed statutory duties associated with this Administration

## **5. PRE-PACK DISCLOSURE IN ACCORDANCE WITH STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16)**

As detailed earlier in this report, on 4 April 2016 a sale of the Company's business and certain assets was completed to the Purchaser

Given the close proximity in time to the date of Administration and the above mentioned sale of the Company's business and certain assets, the Administrators considered it appropriate to provide the disclosure required under SIP 16, which deals with sales either immediately on or shortly after appointment of Administrators. Further details of this transaction are disclosed in **Appendix II**

## **6 FINANCIAL POSITION OF THE COMPANY**

The Administrators have asked the directors to prepare a summary of the Company's estimated financial position as at 4 April 2016, which is known as a Statement of Affairs, but it has not yet been prepared due to the short timeframe between the request for same and issuing of this report, which I am required to issue within seven days of the completion of the sale

In the absence of a Statement of Affairs the Administrators have prepared an estimate of the financial position of the Company as at 4 April 2016 from the records of the Company in their possession, and that is attached at **Appendix III**, together with a list of names and addresses of all known creditors, and the amounts of their debts. Please note the amounts detailed at **Appendix III** may not be an accurate reflection of the amounts owing to you as they have been taken from the latest information provided to the Administrators. Any discrepancy will not affect your claim against the Company

### **Comments on the Administrators' estimate of the financial position of the Company**

#### **Sale of business**

On 4 April 2016, shortly following Administration, a sale of the Company's business and certain assets was completed to BL (company number 09325297), for £105,000 (the Consideration). The Consideration was received in full on completion

A summary of the assets sold and the consideration payable is detailed below

Description	Consideration received
	£
Plant, furniture and equipment	67,500
Goodwill	2,500
Names	2,500
Intellectual property	2,500
Software	2,500
Stock	7,500
Work in progress	2,500
Contracts	10,000
Database	2,500
Rent prepayment	5,000
	<u>105,000</u>

In addition to the Consideration, the Purchaser paid £2,050 as an "access fee" towards the costs of accessing the Excluded Premises

As part of the sale BL agreed to honour existing pre-appointment treatment obligations for customers who had already paid for treatment courses. The Company's records indicated this liability totals between £528,000 and £2 million

The Purchaser has also taken on 85 employees thereby reducing preferential and unsecured creditor claims

I advise the Purchaser is an associated company by way of Dominic Perks' common directorship and shareholding in the Company and BL

Further details of the transaction are provided at **Appendix II** of this report, including a statement in accordance with Statement of Insolvency Practice (SIP 13) which deals with the acquisition of assets by directors in the two years prior to Administration

#### Cash at bank

Following the Administrators' appointment, the Company's financial controller was instructed to transfer the majority of the Company's cash at bank held at HSBC to the Administration bank account. The Administrators have written to HSBC requesting the transfer of the remaining balance. Further sums may be received into the Company's account in due course in respect of pending PDQ receipts (credit and debit card transactions). It is anticipated that receipt of the remaining balance will arrive in due course.

HSBC has advised it holds approximately £15,000 by way of cash security in respect of credit cards issued to the Company. The Administrators are presently liaising with HSBC to determine the level of credit card indebtedness and also the validity of the security held. An update will be provided in the Administrators' next report.

At present £29,000 has been received from amounts held on appointment in the Company's bank accounts held with HSBC.

#### Investments

The Company's balance sheet indicates investments in its subsidiaries, Proskin Clinics Limited (PCL) and Custis Developments (Bluewater) Limited (CDBL).

It is understood that PCL is presently dormant. The Administrators are advised CDBL holds a lease at one of the sites operated by the Company. Please note the sale of the Company's business and certain assets excluded the investments in its subsidiaries.



Given PCL's present trading status, no recoveries are anticipated from this source. The Administrators will investigate the current trading position of CDBL and attempt to realise any potential value for the shareholding in same. At present recoveries from same are uncertain.

#### **Leased equipment**

The Company has no interest in financed equipment subject to lease agreements. It is considered that the Purchaser will seek to assign / novate the Company's agreements with lease companies which will mitigate the overall creditor position.

#### **Book debts**

The Company's balance sheet indicates debtors of £2,420.

The Administrators are liaising with the Company's management for further details relating to the debtor balance due to the Company. Further information will be provided in the Administrators' subsequent report.

#### **Unpaid share capital**

Unpaid share capital of £1,000 is detailed on the Company's balance sheet. The Administrators are liaising with the Company's management to determine which shareholder(s) the unpaid amount relates to.

#### **Prepayments**

The Company's balance sheet indicates prepayments of £53,465. The Administrators are awaiting a schedule of prepayments to determine the recoverability of same. An update to creditors will be provided in the Administrators' subsequent report.

#### **Rent deposits**

As outlined earlier in this report, certain assets were excluded from the sale of the Company's business and certain assets, including rent deposits. The Company's records indicate rent deposits advanced of £145,928.

In accordance with the terms of the sale, the Purchaser was granted licences to occupy seven of the Company's 11 premises from which it intends to continue to trade. During the licence period the Purchaser will enter into negotiations with the landlords with a view to assigning the leases. Subject to successful assignment of the leases, it is considered the rent deposits will be returned to the Company.

The recoverability of rent deposits will be dependent on the negotiations between landlords and the Purchaser to agree assignments of leases. Recoveries in this regard are presently uncertain.

#### **Accrued income**

The Company's balance sheet indicates accrued income of £8,710. At present it is uncertain of what the accrued income consists. The Administrators are liaising with management in this regard. An update will be provided in the Administrators' next report.

#### **Preferential creditors**

The majority of the Company's staff transferred to the BL in accordance with TUPE.

Six staff were made redundant immediately following Administration. These individuals are the only known preferential creditors of the Company who may have claims for unpaid wages and holiday pay. Preferential claims for wages are subject to a maximum limit set by the insolvency legislation of £800. Any balance of wages is unsecured. There is no limit in respect to outstanding holiday pay.

#### **Prescribed part**

There are provisions of the insolvency legislation that require the Administrators to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the prescribed part of the

**Company's net property** A Company's net property is that amount left after paying the preferential creditors, but before paying the lender who holds a floating charge. The Administrators have to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000

The Company has not created any floating charges, so the prescribed part provisions will not apply

#### **Unsecured creditors**

The Company's unsecured creditors total approximately £1.35 million

Based on present information it is considered that the likely return to unsecured creditors will be dependent on the recoverability of the Company's rent deposits (please see comments earlier in this report). The Administrators will update creditors in their subsequent report regarding the likelihood of a return to creditors.

### **7 ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

The Administrators' receipts and payments account for the period from 4 April 2016 (the date of Administration), to the date of these proposals, is attached at **Appendix IV**

### **8 PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION**

In order to achieve the objective of the Administration of the Company the Administrators have completed a sale of the Company's business and certain assets. The Administrators propose to realise the Company's remaining assets, including recovering available rent deposits, cash balances and outstanding trading sales receipts to the date of completion and, should sufficient funds be recovered, distribute same to unsecured creditors of the Company, thereby achieving objective (b) of Administration.

In the event asset realisations are insufficient to distribute to unsecured creditors, the Administrators consider it will be possible to distribute assets to the Company's preferential creditors in order to achieve objective (c) of Administration.

### **9. ADMINISTRATORS' REMUNERATION AND EXPENSES**

The Administrators propose that their fees will be charged by reference to the time properly spent by them and their staff in dealing with matters relating to the Administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken.

Information about current charge out rates and the units of time in which work done is recorded is set out in **Appendix V**. When Administrators seek time cost approval they have to set out a fees estimate, which acts as a cap on time costs so we cannot draw fees of more than the estimate without further approval. The fees estimate can be found at **Appendix V**. This shows the estimated time costs, hours charged and average hourly rates split into various categories and split by grade. The Administrators estimate the total time costs that will be incurred in undertaking the tasks in the Administration will be £98,153.

The Administrators anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To 8 April 2016, the Administrators' time costs amount to £22,258, representing 70 hours work, at an average charge out rate of £319. A schedule of the time costs incurred to date is attached as **Appendix VI**.

A description of the work undertaken in the Administration to date is set out in **Appendix V**.

The Administrators are convening an initial meeting of creditors, by correspondence, to seek approval of these proposals, which includes the basis of the Administrators' remuneration (further details are provided at section 14 of this report).

The relevant creditor's guide to Administrators' Fees can be found under the heading Creditor Guides on my website at <http://www.resolvegroupuk.com/resources/>. Please note there are different versions of the guides, and in this case you should refer to the version for insolvencies after 1 October 2015. A hard copy can be obtained on request, free of charge, from this office.

### Category two disbursements and expenses

The Administrators propose that they be permitted to charge what are known as category two disbursements. Information about category two disbursements is set out in **Appendix V**. Disbursements that do not require separate approval are known as category one disbursements.

Details of the disbursements in this matter are detailed below:

	<b>CATEGORY 1</b> Cost (£)	<b>CATEGORY 2</b> Cost (£)	<b>TOTAL</b> Cost (£)	<b>PAID TO DATE</b> Cost (£)	<b>OUTSTANDING</b> Cost (£)
Subsistence	56	-	56	-	56
Travel	149	-	149	-	149
	<b>204</b>	<b>-</b>	<b>204</b>	<b>-</b>	<b>204</b>

To date the Administrators have not drawn any disbursements in this matter.

### Professional advisors

The following agents or professional advisors have been utilised in this matter and the costs of these also comprise Administration expenses:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date (£)	Paid
Lambert Smith Hampton Limited	Valuer / Auctioneer	Time costs basis	1,625	No

*The above does not include disbursements or VAT.*

The choice of professionals was based on the Administrators' perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. The fees charged have been reviewed and the Administrators are satisfied they are reasonable in the circumstances of this case.

#### Lambert Smith Hampton

LSH are instructed to assist with organising and granting access to the Purchaser to the Excluded Premises and the £1,625 represents time incurred to date. LSH will also be retained to advise on the valuation of the Company's Excluded Premises.

The Administrators anticipate the following expenses will arise during the course of this Administration:

Professional Advisor	Nature of Work	Fee Arrangement	Fees estimate (£)
Lambert Smith Hampton Limited	Valuer / Auctioneer	Time costs basis	5,000
Pitmans LLP	Solicitors	Time costs basis	5,000

*The above does not include disbursements or VAT.*

Pitmans LLP (Pitmans) will be retained to assist with any lease assignment or new licences necessary to allow the Purchaser reasonable time to seek assignments.

Whilst not requiring approval, when reporting to creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and the Administrators will explain any material differences.

## 10. PRE-APPOINTMENT FEES AND EXPENSES

On 14 March 2016 the Board of the Company instructed the Administrators to assist them in placing the Company in Administration. The Board agreed that the Administrators' pre-appointment fees and expenses should be paid on a time cost basis. An amount of £10,000 plus VAT was paid by the Company prior to Administration in part satisfaction of the Administrators' pre-appointment time costs.

Attached at **Appendix VI** is a detailed time cost table showing the Administrators' pre-appointment time costs incurred by category and staff grade at their firm.

The following matters were undertaken prior to Administration:

- Conducted an accelerated marketing campaign
- Liaised with the Company's directors to make information available
- Liaised with interested parties
- Liaised with LSH regarding a valuation of the Company's assets and providing a recommendation of acceptance for the offers received
- Negotiated the terms of a sale with interested parties, including a non-refundable deposit
- Corresponded with the Company's directors regarding appointment documentation
- Instructed CRS to prepare appointment documentation
- Attended to ongoing correspondence with the Board in respect of the marketing campaign and proposed release of March 2016 wages
- Planned internally for the appointment
- Liaised with solicitors, Pitmans regarding the appointment, sale contract and licence to occupy documentation, and
- Reviewed and amended the sale contract

Completion of the above matters facilitated the sale of the Company's business and certain assets following an accelerated marketing and sale campaign. This was in the best interests of all creditors in order to preserve the realisable value of the business as discussed earlier in these proposals.

In addition, the sale has allowed for continuity of services to customers and mitigated the overall creditor position by preservation of the majority of jobs, and potentially allowing for the assignment of property leases and finance agreements being novated.

The transaction enables the statutory purpose of Administration to be achieved and the sale price achieved was the best reasonably obtainable in all the circumstances.

The following table sets out the Administrators' pre-appointment fees and expenses incurred. The table also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

Professional Advisor	Description	Amount (£)	Paid pre-appointment (£)	To be paid (£)
ReSolve Partners Limited	Administrators' remuneration	48,241	10,000	38,241
Lambert Smith Hampton Limited	Valuation agent	15,400	-	15,400
Pitmans LLP	Legal fees	15,401	-	15,401
Charles Russell Speechly LLP	Legal fees	2,818	-	2,818
IP-Bid.com	Advertising	175	-	175

*The above does not include disbursements or VAT*

A brief summary of the work completed by each advisor is below

*ReSolve Partners Limited*

ReSolve was instructed by the Board to advise the Company on its available options. ReSolve also conducted a marketing campaign, liaised and negotiated with interested parties, attended to ongoing correspondence with the Board, prepared internally for the Administration, liaised with all parties concerned throughout and reviewed and amended the sale contract.

*Lambert Smith Hampton*

LSH was instructed to complete a valuation of the Company's assets and provide a recommendation of sale.

LSH attended several of the Company's sites, liaised with the Company's staff in order to obtain copy lease and finance agreements and attended site to uplift documentation, where necessary. LSH completed a review of lease and finance documentation to determine the Company's interest in its assets, completed a valuation of the Company's assets and provided a letter of recommendation in respect of the sale of the Company's business and assets.

*Pitmans LLP*

Pitmans were instructed to draft the sale contract and licence to occupy documentation.

Pitmans were required to draft, issue and assist negotiation of the sale contract and other legal documentation. Pitmans liaised and negotiated with two separate interested parties' solicitors regarding the sale contract. Separately Pitmans corresponded with CRS in respect of the Administration appointment documentation and advised the proposed Administrators in respect of various legal matters concerning the sale of the Company's business and certain assets.

*Charles Russell Speechlys LLP*

CRS was instructed to draft the notice of intention to appoint an administrator and board minutes and file same on behalf of the Company's directors. CRS was further instructed to draft the necessary Administration appointment documentation and board minutes and liaised with the proposed Administrators, their solicitors and the Purchaser's solicitors throughout.

*IP-Bid.com*

These costs relate to advertising the Company's business and assets for sale on IP-Bid.com's online portal for businesses in distress.

The Administrators are convening an initial meeting of creditors, by correspondence, to consider the approval of these proposals. A separate resolution seeking the approval of the Administrators' outstanding pre-appointment fees and expenses will also be sought (further details are provided at section 14 of this report).

## **11 ADMINISTRATORS' INVESTIGATIONS**

The Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. The Administrators are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

The Administrators should be pleased to receive from you any information you have that you consider will assist them in this duty. Please note this request for information forms part of the Administrators' normal investigation procedure.

## 12 EC REGULATION ON INSOLVENCY PROCEEDINGS

The Administrators consider the EC regulation on insolvency proceedings apply to the Administration of the Company. The Administrators also consider that they are main proceedings since the Company's registered office and its trading addresses are in the United Kingdom.

## 13 ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, the Administrators formally propose to creditors

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration by
  - (i) Realising the Company's assets and distributing the same as deemed appropriate
  - (ii) Selling the Company's assets and recovering rent deposits at such time(s) on such terms as is considered appropriate,
  - (iii) Investigating and, if appropriate, pursuing any claims the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
  - (iv) Doing all such things and generally exercising all powers as Administrators as is considered desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) The Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered, or
- (c) The Administration will end by placing the Company into Creditors' Voluntary Liquidation, and it is proposed that Simon Harris and Mark Supperstone are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidator. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out below, or
- (d) The Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company, and propose that Simon Harris and Mark Supperstone are appointed Joint Liquidators of the Company by the Court, or
- (e) The Administrators be remunerated by reference to time properly spent by the Administrators and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates are outlined in **Appendix V** of these proposals
- (f) The Administrators be authorised to draw category two expenses as outlined in **Appendix V** of these proposals
- (g) The Administrators be discharged from liability in respect of any act of theirs 14 days after they cease to be Administrators of the Company

## 14 APPROVAL OF PROPOSALS

A meeting of creditors, by correspondence, will be held to consider and vote on the formal proposals to achieve the objective of the Administration of the Company. A formal notice of conduct of business by correspondence (Form 2 25B) and a proof of debt form are enclosed. You can only vote at the meeting by correspondence if you complete and return the proof of debt form and Form 2 25B, having completed the voting section of the form. **You must return your completed forms to this office by no later than noon**

**on 28 April 2016** You are not required to vote at the meeting by correspondence, and if you do not do so then this will not affect your rights against the Company. Creditors whose claims are wholly secured are not entitled to vote at the meeting by correspondence.

The meeting of creditors, by correspondence, gives creditors the opportunity to appoint a creditors' committee. A committee is made up of between three and five representatives of creditors who will then meet me on a regular basis to discuss the Administration of the Company. If a committee is appointed then it will be for them to approve pre-appointment costs and expenses and the basis of the Administrators' remuneration as well as our category two expenses in respect of the work done in the Administration of the Company. If a committee is not appointed then the separate resolution in the Form 2 25B to approve pre-appointment costs and expenses will be taken. The approval of the Administrators' remuneration as well as their category two expenses will be considered as part of these proposals.

Whilst a meeting by correspondence is being held, creditors whose debts amount to at least ten per cent of the total debts of the Company can require that an actual meeting of creditors is convened. Such a request must be made on Form 2 21B within five business days of the date of these proposals.

## 15 FURTHER INFORMATION AND COMPLAINTS

If creditors or members have any queries regarding the proposals or the conduct of the Administration in general, they should contact Evelyn Sanchez on 020 7702 9775.

Should you have any comments or complaints regarding this Administration, please contact Mark Supperstone in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the Administration. A request for a review can be made in writing to the Compliance Manager, ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB or by email to [simon.harris@resolvegroupuk.com](mailto:simon.harris@resolvegroupuk.com).

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, or you may email [ip.complaints@insolvency.gov.uk](mailto:ip.complaints@insolvency.gov.uk), or you may phone 0845 602 9848. The Complaints Gateway will in turn determine if such complaint should be addressed by Mr Supperstone's and Mr Harris' regulatory body.

Yours faithfully  
For and on behalf of  
Custis Developments Limited



Mark Supperstone  
Joint Administrator

*For enquires regarding this correspondence please contact*

Contact name: Evelyn Sanchez  
Phone number: 020 7702 9775  
Email: [evelyn.sanchez@resolvegroupuk.com](mailto:evelyn.sanchez@resolvegroupuk.com)

The affairs, business and property of the Company are being managed by the joint administrators.  
Principals: Partners, Directors and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times and without personal liability.  
Cameron Gunn, Mark Supperstone and Simon Harris are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

**APPENDIX I**

**STATUTORY INFORMATION**

**Company information**

Company name	Cutis Developments Limited
Previous name	-
Company number	07297483
Date of incorporation	28 June 2010
Trading addresses	6 Lower Grosvenor Place, London SW1 W0EN (Head office)  Unit WVU03, Lower Level, West Village, Bluewater, Kent  101A High Street, Esher, Surrey, KT10 9QE  Unit 28, West 12 Shopping Centre, London, W12  1st Floor Rear Consulting Room, 100 Harley Street, London, W1G 7JA  Units 16 & 17, One Exchange Square, Broadgate, London, EC2  Basement of Building 24 Welbeck Street, Welbeck Hospital, 27 Welbeck Street, London, W1G 8EN  Unit No 6 Earls Way, Intu Eldon Square, Eldon Square Shopping Centre, Newcastle upon Tyne  Unit 1 99, MetroCentre, Swalwell, Tyne and Wear  101 High Street, Guildford, GU1 3DP  49-50 The Strand, London, WC2N 5LL  508-520 Oxford Street, London, W1C 1NB
Current registered office	c/o ReSolve Partners Limited One America Square Crosswall London EC3N 2LB
Former registered office	Rainmaking Loft International House 1 St Katharine's Way St Katharine Docks London E1W 1TW
Principal trading activity	Other beauty treatments



#### Appointment details

Date of appointment	4 April 2016
Appointment made by	The directors of the Company
Court name and reference	High Court of Justice, 1445 of 2016
Administrators appointed	Mark Supperstone    Insolvency Practitioner Number    9734 Simon Harris        Insolvency Practitioner Number    11372
Paragraph 100(2) statement	Any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone

#### Officers of the Company

Directors	Appointed	Resigned
Mats Anders Stigzelius	28 June 2010	-
Tina Maree Kilmister-Blue	3 July 2014	-
Kevin Lyon	18 June 2014	-
Dominic Anthony Charles Perks	29 July 2010	-
Carsten Kolbek	28 June 2010	18 June 2014
<b>Company secretary:</b>		
Mats Anders Stigzelius	28 June 2010	-

#### Share capital

##### Authorised

306,825 ordinary shares 1p each  
595 ordinary A shares 1p each  
86,806 ordinary B shares 1p each

Source Annual return dated 28 June 2015

#### Charges

None

**APPENDIX II**

**STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16) – PRE-PACKAGED SALES IN  
ADMINISTRATION**

## STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16) – PRE-PACKAGED SALES IN ADMINISTRATIONS

### Background

Please see section two of the Administrators' report and proposals for details of Cutis Developments Limited's (the Company) background

### Initial Introduction

This matter was initially introduced to Mark Supperstone of ReSolve Partners Limited (ReSolve) on 14 March 2016 by the Company's pre-appointment solicitors, Charles Russells Speechlys LLP (CRS)

The Administrators confirm neither ReSolve, nor its principals, have had any prior professional relationship with the Company, its directors or members. No advice was given to the directors of the Company regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at this time, ReSolve was still required to act in accordance with the Insolvency Code of Ethics

Please note no payment has been, or is proposed to be made to CRS for its introduction of this matter. CRS have, however, assisted the directors with the making and filing of the notice of intention to appoint an administrator and subsequent notice of administrators' appointment and has outstanding time costs in this matter of £2,818

Ultimately the Company was placed into Administration and Mark Supperstone and Simon Harris were appointed as Administrators. The Administrators act as officers of the Court and have taken over the management of the Company from the Board. The purpose of the Administration is to achieve one of the hierarchal statutory objectives, namely to

- (a) rescue the Company as a going concern, or
- (b) 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), or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

In this instance the Administrators believe objective (b) or objective (c) is achievable. More information about the objective the Administrators are seeking to achieve in respect of the Company is set out below

In order to help achieve the objective of Administration, the Administrators have a wide range of powers, as set out in the insolvency legislation, and they must perform their functions as quickly and efficiently as is reasonably practicable. The Administrators must also act in the interests of the creditors of the Company as a whole, as officers of the Court

### Pre-appointment considerations

Prior to the Administration of the Company, ReSolve liaised with the Company's board (the Board). The Board advised that in February 2016 it attempted to source further funding from its investors, in order to fund ongoing trade but its fund raise had been unsuccessful. Accordingly, the Board advised that based on the Company's affairs and financial performance it was facing increasing creditor pressure, particularly from trade creditors and HM Revenue & Customs, and was forecast to default on its payroll scheduled for the end of March 2016

ReSolve advised the directors on an informal basis that given the pressures faced by the Company, consideration ought to be given to the Company's projected financial position, funding availability and whether the Company would be able to meet its obligations as they fell due, both immediately and over the longer term

The directors concluded the Company would be unable to meet its obligations moving forward, and therefore advice was sought from ReSolve on the options available

The following matters were considered prior to achieving the pre-packaged sale outlined in this statement

#### *Requests to funders for continued financial support*

The Company had no financial institutional backers to approach for funding

However as outlined above, shortly prior to Administration the Board approached its shareholders to determine their appetite for providing further support. The Board advised shareholders were unwilling or unable to assist by providing further funding to the Company in its current form

#### *Consulting with creditors*

Shortly following Administration, and prior to conclusion of the sale of the Company's business and certain assets, the Administrators' staff notified (and attempted to consult, without success), with the Company's largest known unsecured creditor, HM Revenue & Customs (HMRC) on 4 April 2016 regarding the impending proposed sale of the business and certain assets (detailed later in this report)

The sensitivity and nature of the Company's business meant it was not possible for ReSolve to consult with trade creditors in advance of a transaction. To do so may have materially prejudiced the outcome

#### *Consideration to trade in Administration*

The Administrators considered trading the Company whilst in administration in order to market the business for a longer period, in anticipation that this may achieve better realisations. However, given the paucity of interest in the opportunity from the pre-administration marketing, there was no guarantee further interest would be received. In addition, following preliminary discussions with our insurance broker, it was considered that obtaining insurance cover for conducting ongoing procedures during Administration would be difficult and likely to be at a significant cost. Coupled with this there would have been exposure to significant potential health and safety concerns that were not palatable to the Administrators. Furthermore, there was uncertainty regarding the Company's ability to trade profitably during Administration, as the Company had previously been heavily loss making

In light of the above, trading in Administration was not deemed appropriate

#### *Previous Sales*

To the best of the Administrators' knowledge, the Company's business and or assets had not been acquired from an insolvency practitioner within the last 24 months

#### *Other considerations*

The Company has no registered charges other than a rent deposit deed in respect to one of its premises created in October 2012

The pre-pack sale of the business enables the objective (b) set out above to be met as it achieves a better result for creditors as a whole than would be likely if the Company had been placed into Liquidation, without having first been in Administration. The outcome achieved as a result of the pre-pack sale was the best available outcome for creditors as a whole in all circumstances. If objective (b) is not achievable it enables the Administrators to achieve objective (c) by paying preferential creditors

## **Comparison of outcomes and other procedures**

The various courses of action that ReSolve considered were as follows

### *Do Nothing*

It was not feasible for the Company to do nothing and continue to trade. The Company had a cash shortfall and was suffering from increasing creditor pressure, particularly from HMRC. The Board had previously attempted to raise further capital from members which had not been forthcoming in order to trade on.

By doing nothing, the realisable value of the Company's business would have reduced. In addition, by doing nothing, the Company's directors could have been at risk from potential wrongful trading actions, by continuing to incur credit without being able to pay.

### *Company Voluntary Arrangement*

The option of a company voluntary arrangement (CVA) was dismissed. It was unlikely the Company would have had time to consider and implement a CVA outside of Administration before enforcement action was taken by others. It was also unclear whether the Company's negotiating position with landlords in particular was strong enough given the apparent absence of certain lease arrangements. Furthermore, it was likely that additional funding would have been required to trade. The directors had already sought this from shareholders and it was not forthcoming.

### *Scheme of Arrangement*

A Scheme of Arrangement requires the input of the members of the Company and is a complicated and expensive procedure. The Company would have ended up with the same issues with a formal arrangement as above.

### *Creditors Voluntary Liquidation*

A creditors' voluntary liquidation (CVL) was considered to be a procedure which would damage the prospect of maximising realisations. In a CVL scenario the Company would have likely ceased trading, thereby reducing the opportunity to sell the Company's business. Customers would have cancelled appointments and contracts with word spreading through the industry after the issuing of the notices convening the relevant meetings to place the Company into Liquidation would have damaged the value of the business. In addition, a significant asset of the Company is the balance of rent deposits relating to those leases that are in place. Realistically, the recovery of these deposits would have been heavily compromised in a liquidation scenario.

Furthermore, the total creditor liability would have been significantly increased due to the claims by customers for pre-paid treatments (see later for the quantum estimated).

### *Pre-packaged Administration*

In light of the above, the Administrators considered that a pre-packaged Administration sale of Company's business and certain assets would result in the best outcome for creditors and therefore satisfy the second objective of Administration, achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration).

A pre-packaged Administration would preserve the value in the Company's business and provide the best opportunity to maximise realisations, save employment of the vast majority of staff and increase the likelihood of funds being available to unsecured creditors. As noted above, a liquidation would compromise the recovery of the Company's rent deposits. An Administration and going concern sale of its business offers the best opportunity for recovery of these deposits. Administration and a going concern sale also significantly reduces claims by customers as the purchaser in this case will honour pre-paid treatments (see later for the quantum estimated).

Detailed at the end of this report is an estimated outcome statement showing the estimated outcome position for creditors as a whole in an Administration scenario compared to a liquidation scenario (please note this excludes the costs of Administration)

### **Marketing of the business and assets**

On 17 March 2016 a 'teaser' document and non-disclosure agreement (NDA) were circulated to a selection of ReSolve's database of financial investors, venture capitalists and private equity houses known to have an interest in the distressed sector. The opportunity was also circulated to a selection of industry specific parties identified from internet searches, finally, the Company's shareholders were each contacted about the opportunity. In all 172 parties were contacted.

In addition, the opportunity was marketed for sale on IP-Bid.com, an online portal of distressed businesses for sale used by many insolvency practitioners.

Given the cash flow pressures and indications from creditors that recovery action may be pursued, the process was accelerated.

Having marketed the business to a range of distressed investors, private equity houses, companies operating in a similar industry as well as advertising on IP-Bid.com, the Administrators felt that they had performed a significantly wide campaign in order to achieve the best price in the timeframe available.

Three parties signed an NDA and were provided with further information and given the opportunity to liaise with management. A deadline for indicative offers was set for 22 March 2016. One offer was received for the Company's business and certain assets from an associated party (the Initial Party). Following discussions with the Initial Party and agreement to an acceptable structure of the offer, which included a substantial increase in the proposed purchase price, details of the offer were passed to our agent, Lambert Smith Hampton (LSH) for their comments. LSH had previously attended sites to assess the value of the Company's assets and the likelihood of a sale of the business. It recommended acceptance of the offer and contracts were issued.

Regrettably, on 31 March 2016, just prior to the anticipated completion date, and having proven funds to ReSolve, the Initial Party indicated its funder had withdrawn finance for the proposed acquisition. Accordingly, the Initial Party was unable to conclude the acquisition of the Company's business and assets. The Initial Party indicated it would immediately attempt to source alternative funding to complete the acquisition. On the same day, having heard of the withdrawal of the funding and in an attempt to prevent job losses and to preserve the business, I was contacted by another associated party (the Purchaser) who expressed an interest in pursuing the opportunity on substantially similar terms to the Initial Party. Accordingly, discussions were entered into with the Purchaser with a view to concluding a sale as soon as possible.

A term of the proposed sale negotiated with the Initial Party, provided that a £100,000 non-refundable deposit (NRD) was to be paid to the Company (to be offset against the sale consideration) in return for the Board agreeing to release the Company's March 2016 payroll. The rationale being that the Company's business would be preserved in honouring staff entitlements and the Initial Party would be committed to the sale after payment of wages. The Purchaser indicated it would be willing to provide a NRD, although it was only willing to contribute £75,000 as a NRD (to be offset against the total sale consideration).

Later on 31 March 2016, the Initial Party indicated it believed it would be able to raise the necessary funding to pay the NRD. Given the two interested parties' offers were substantially the same, it was agreed that the party who first provided the NRD would be progressed. The Purchaser provided the £75,000 NRD ahead of the Initial Party. Accordingly, contracts were issued to the Purchaser. LSH also recommended the sale to the Purchaser.

A sale was completed to the Purchaser on Monday, 4 April 2016. Further details of the Purchaser, offer and sale are detailed later in this report.

## Valuation of the business and assets

LSH was instructed to provide a valuation of the Company's assets. LSH are a firm of chartered surveyors regulated by the Royal Institution of Chartered Surveyors and confirmed they had no conflict of interest in acting in this matter and hold adequate professional indemnity and fidelity insurance.

LSH has provided a valuation on two bases, in-situ and ex-situ (based on a four week marketing period). The former represents the value placed on the asset if sold within the workplace as part of a going concern sale. The latter represents the values if the assets are removed for sale. Both valuation bases are exclusive of the costs of the sale. For ease of comparison, the consideration paid for each asset category has also been disclosed next to each valuation.

Description	Consideration		
	In-Situ	Ex-Situ	received
	£	£	£
Plant, furniture and equipment	100,790	42,675	67,500
Goodwill	-	-	2,500
Names	-	-	2,500
Intellectual property	-	-	2,500
Software	-	-	2,500
Stock	-	-	7,500
Work in progress	-	-	2,500
Contracts	-	-	10,000
Database	-	-	2,500
Rent prepayment	-	-	5,000
	<b>100,790</b>	<b>42,675</b>	<b>105,000</b>

*The above does not include costs (including, but not limited to, rental liability, costs of marketing, removal of equipment and sale etc.)*

Where no specific value has been apportioned by LSH to the asset class above, they provided their comments generally on the apportionment of the sale consideration.

Whilst no value was specifically attributed to goodwill and other intangible assets sold, LSH were satisfied that the price paid represented the demand for that asset. In this case only one party offered (prior to the offer from the Purchaser) so demand was minimal.

In addition to LSH's asset valuation report, a letter of recommendation was provided in respect of the offers received from the Initial Party and the Purchaser respectively. LSH commented that a sale of the Company's business and assets would generate significantly higher realisations, especially after costs including, but not limited to, rental liability and costs of marketing and sale. LSH also noted that the overall creditor liability position would be improved as the majority of staff would be retained, pre-paid treatments would be honoured, property leases will be assigned and finance agreements novated.

It should be noted the following assets, amongst others, were excluded from the sale of the business and certain assets:

- Cash at bank, which is estimated to total circa £29,000
- Rent deposits of £145,928
- Investment in subsidiaries of £200, and
- Sales receipts that have not yet been received by the Company but relating to the period to 4 April 2016

## The transaction

On 4 April 2016, shortly following Administration, a sale of the Company's business and certain assets was completed to the Purchaser, Biosupplements Limited (BL or the Purchaser) (company number 09325297), for £105,000 (the Consideration). The Consideration was received in full on completion.

The sale apportionment was outlined earlier in this report

In addition, the Purchaser agreed to honour existing pre-appointment treatment obligations for customers who have already paid for treatment courses. The Company's records indicated this liability could total between £528,000 and £2million

The Purchaser has taken on 85 members of staff thereby minimising preferential and unsecured claims

The Administrators advise the Purchaser is an associated company by way of Dominic Perks' common directorship and shareholding in the Company and BL

In accordance with the terms of the sale, the Purchaser was granted licences to occupy seven of the Company's 11 premises from which it intends to continue to trade. The Purchaser is required to pay rent and service charges monthly in advance to the Administrators (the Licence Fee) which will be remitted to the Company's landlords

The Purchaser paid the Licence Fee of £38,032 to the Administrators on completion, together with an "access fee" of £2,050 to meet the estimated costs of providing access for three days to the four premises not taken forward by the Purchaser. Please note the Licence Fee will be equal to the rental amounts due to the Company's landlords

#### *Statement of Insolvency Practice (SIP 13)*

In accordance with the guidance given in SIP 13, details of any acquisition of the Company's assets by a director in the two years prior to the Administration must be reported

- The Administrators have not been made aware of any connected party transactions in the course of their investigations that took place in the two years prior to the Administration
- If during the Administrators' further investigations we are made aware of any transactions these will be brought to the attention of the creditors in any subsequent reports, and
- The sale of the Company's business and certain assets is considered a connected party transaction as BL is associated by way of Mr Perks' directorship and shareholding in the Company and BL. The Purchaser had legal representation in respect of the transaction

Further details of the transactions with the Purchaser are disclosed earlier in this report in accordance with the guidance given in SIP 13

To the Administrators' knowledge there are no known personal guarantees granted by the Company's directors that have been released as a result of the transaction with the Purchaser. Furthermore, the Administrators are unaware of any options, buy-back arrangements or similar conditions attached to the contract of sale with the previous ownership or management

#### **Connected Party Transactions**

As indicated above, the Purchaser of the business and certain assets of the Company is a connected party. Connected party purchasers are encouraged to, but are not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. The connected party purchaser has to pay £800 plus VAT to the pre-pack pool for them to provide this opinion

In this instance the Administrators understand that the connected purchaser has not approached the pre-pack pool for their opinion on the pre-pack sale

Connected party purchasers are also encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail



In this instance, a viability statement has not been prepared

### **Conclusion**

The sale of the Company's business and certain assets after an accelerated marketing and sale campaign was in the best interests of all creditors in order to preserve the realisable value of the business

The sale has allowed for,

- Continuity of services to customers thereby reducing claims of customers by up to £2 million
- The mitigation of the overall creditor position by preservation of the majority of the employee jobs
- The potential assignments of the property leases and finance agreements which will reduce potential claims further, and
- The potential recovery of some of the rent deposits to the Company

None of the above would have been possible in a liquidation

LSH has recommended the sale and the Consideration received exceeds the in situ valuation of the Company's assets

The transaction enables the statutory purpose of Administration to be achieved (objective b or c) and the sale price achieved was the best reasonably obtainable in all the circumstances. Accordingly, it is the Administrators' opinion that a pre-packaged Administration was the best approach for the Company

## Estimated outcome statement

*Estimated Outcome Statement at at 4 April 2016*

### *Liquidation vs Administration*

	Liquidation	Administration (via pre-pack)
	£	£
<b>Assets not specifically pledged</b>		
Plant, furniture and equipment	42,675	67,500
Goodwill	-	2,500
Names	-	2,500
Intellectual property	-	2,500
Software	-	2,500
Stock	-	7,500
Work in progress	-	2,500
Contracts	-	10,000
Database	-	2,500
Rent prepayment	-	5,000
Access fee	-	2,050
Cash at bank	29,000	29,000
Investments	-	Uncertain
Leased Equipment	-	-
Debtors	Uncertain	Uncertain
Unpaid Share Capital	Uncertain	Uncertain
Prepayments	Uncertain	Uncertain
Rental Deposit	14,593	72,964
Accrued Income	Uncertain	Uncertain
	<b>86,268</b>	<b>209,014</b>
<b>Amount available to preferential creditors</b>	<b>86,268</b>	<b>209,014</b>
<b>Preferential creditors' claims (estimated)</b>	<b>(27,300)</b>	<b>(1,800)</b>
<b>Net Property</b>	<b>58,968</b>	<b>207,214</b>
<b>Funds available to unsecured creditors</b>	<b>58,968</b>	<b>207,214</b>
<b>Unsecured creditors' claims</b>	<b>(3,350,381)</b>	<b>(1,350,381)</b>
<b>Shortfall to the unsecured creditors</b>	<b>(3,291,413)</b>	<b>(1,143,167)</b>
<b>Estimated dividend %</b>		
Preferential creditors - various	100 00%	100 00%
Unsecured creditors - various	1 76%	15 34%

*Excludes costs of Liquidation and Administration*

#### Notes

The Company's records show rent deposits advanced of £145,928 Recoverability in Liquidation vs Administration is estimated as 10 and 50 per cent respectively

APPENDIX III

ESTIMATED FINANCIAL POSITION

As at 4 April 2016	Notes	Book value	Estimated to realise
		£	£
<b>Assets not specifically pledged</b>			
Plant, furniture and equipment	1	910,928	67,500
Goodwill	1	740,801	2,500
Names	1	-	2,500
Intellectual property	1	-	2,500
Software	1	74,710	2,500
Stock	1	59,345	7,500
Work in progress	1	-	2,500
Contracts	1	-	10,000
Database	1	-	2,500
Rent prepayment	1	-	5,000
Access fee		-	2,050
Cash at bank	2	44,017	29,000
Investments		200	Uncertain
Leased Equipment		1,562,396	-
Debtors		2,420	Uncertain
Unpaid Share Capital		1,000	Uncertain
Prepayments		53,465	Uncertain
Rental Deposit	3	145,928	72,964
Accrued Income		8,710	Uncertain
		<b>3,603,919</b>	<b>209,014</b>
<b>Amount available to preferential creditors</b>		<b>3,603,919</b>	<b>209,014</b>
Preferential creditors' claims (estimated)			(1,800)
<b>Net Property</b>			<b>207,214</b>
Funds available to unsecured creditors			207,214
Unsecured creditors' claims			(1,350,381)
<b>Shortfall to the unsecured creditors</b>			<b>(1,143,167)</b>

The above excludes costs of the Administration

Notes

- 1 Funds received in respect of the sale consideration
- 2 HSBC Bank plc (HSBC) has advised it holds circa £15,000 as cash security against issued credit cards. It is understood there is an outstanding credit card indebtedness owing to HSBC, accordingly the cash security balance has been deducted from the estimated to realise figure
- 3 Rent deposit recoverability estimated at 50 per cent of book value

## List of creditors

Creditor Name	Address 1	Address 2	City	County	Postcode	Balance
HM Revenue & Customs						421 284
Superdrug Stores Plc	118 beddington lane	croydon	london	Surrey	CRO4TB	128 100
Google A/C 1064454210 (Proskin)	76 Buckingham road	london	london		sw1w 9tq	108 855
Cynosura UK Ltd	The old barn offices	lower mount farm long lane	cookham	berkshire	SL6 9EE	85 683
Ranmaking Ltd	INTERNATIONAL HOUSE	1 st Kathernes way	london	london	ctw1un	80 351
Lexham Ventures Ltd	21 dartmoth st		london	london	SWW OEN	67 800
Incap Finance B V	Henkbergweg 238luna arena	Amersterdam Zuido st		Amersterdam		41 667
KPMG	12 Dorset Rise		london		Ec4y 8en	38 220
Croud Inc Ltd	87a worship st		london	london	EL2A 2B	37 699
Hambro Perks Ltd	21 dartmoth st		LONDON	LONDON	SW1W OEN	35 428
Acne Clinic UK	1ST FLOOR LEYWOOD HOUSE	47 Woodside rd	Amersham	bucks	HP66aa	24 860
LandSecurities [A/C 4444D338/2 CTS9]	5 strand		london	london	wc2n 5af	23 585
Park Investment Ltd	1Adergate court	30 Bartholomew close	london	london	Ec1a 7es	23 460
Picture Production Company [PPC Creative Ltd]	6-8 Kingly court		london	london	w18 5pw	22 932
Handi Productions Ltd	27 halbro dr stanney oaks	ellesmere port	chester	chester	ch65 9jq	20 000
Dermapure Ltd	unit20 trade city	Avro way weybridge	weybridge	surrey	kt13oyf	16 614
LandSecurities [A/C 8363D11/3 CTS9]	5 strand		london	london	wc2n 5af	13 483
Tamar com	10 barley mow passage		london	london	w4 4ph	12 787
LandSecurities [A/C 4444D338/2 CTS10]	5 strand		london	london	wc2n 5af	10 292
KJ Lyon Associates Ltd	1 george sq		glasgow	scotland	G2 1AL	10 000
Asset Advantage [Agreement 4514]	183 marsh wall		london	london	E14 8SR	9 812
Jigsof Business Solution LLP	86 THE BRADWAY	MILL HILL	london	LONDON	nw73ld	7 485
TextAnywhere Ltd	hetton court the oval	hunnet	leeds	leeds	LS10 2AT	7 033
Asset Advantage [Agreement 3880]	183 marsh wall		LONDON	LONDON	E14 8SR	6 372
Practura Asset Finance [A/C 100098]	haydock house pieckgate rd		blackburn	lancashire	B81 8gw	6 274
Hybrid Partners Ltd	66 Holland park	j bower saul	london	london	w11 3sj	6 250
Medco Beauty Ltd	90 lexham gardens		kesminton	london	w65jq	5 487
Beautology Laser & IPL Services Ltd	41 brookfield rd	bedford	bedford	bedfordshire	mk419th	4 848
Louise Leah Ltd	9 niton st		london	london	sw6 6nh	4 838
Identity Signs (London) Ltd	140A TACHBROOK ST		LONDON	LONDON	SW1V 2NE	4 302
Premier Software Solutions Ltd	140 A TACHBROOK ST		LONDON	LONDON	SW1V 2NE	4 006
Integra Asset Finance Ltd	4 CLARIDGE COURT	LOWER KINGS ROAD	BERKHAMSTED	HERTFORDSHIRE	HP4 2AF	3 506
Jazz Fashion Publishing Ltd	THE OLD SCHOOL HIGHER KINNERTON	CHESTER		FLINTSHIRE	CH4 9AJ	3 312
Fish Media Group Ltd	THE RIDINGS	WOODFIELD LANE ESSENDON	ESSENDON	HERTFORDSHIRE	A19 6jj	3 120
TGL (UK) Ltd	168 church rd	hove	hove	manchester	bn3 2dl	2 980
UKFast Net Ltd	ukfastnetcampus	briley fields		manchester	m15 5q	2 513
Direc1365online Ltd [A/C TRU511]	wndgate house wingate		preston	lancashire	pr4 6jf	2 438
Hammersmith & Fulham LB of	room 309 town hall	kings st	london	london	w6 9ju	2 198
Amco (The Alarm Monitoring Company Ltd)	29 Darbley st		london	london	w17 8ep	2 189
Dominic Perks	21 dartmoth st		london	london	sw1w oen	2 073
KM Cleaning & Maintenance Services Ltd	unit 1 howburytechnologycentre	texcel business park thames rd	dartford	london	da1 4rq	1 966
NU Care Products Ltd	21broadmeadbusiness park	broadmead rd	stewarby	bedfordshire	mk43 9nx	1 953
Healthxchange Pharma-e Ltd	79 grt protland st	london		london	w1w7ls	1 797
Credit Asset Management Ltd [CAML]	30 cannon st			london	ec4m 6xh	1 652
Southern Electric	55 western rd		reading	berkshire	rg1 8bu	1 646
Balena Insurance Finance Services Ltd	bdnge house portland rd	malvern	malvern	worcestershire	w14 2ia	1 634
Archant Life	archant life babage rd	totnes	devon	devon	lq95ja	1 551
Peer 1 Hosting	lancaster plc			london	wc2e 7ea	1 498
Lasermet Ltd	302 chamminster rd		bourmouth		bh8 9ru	1 398
Broadgate Estates	exchange house	12 exchange square		london	ec2a 2bq	1 273
British Telecommunications PLC (BT)	RIVERSIDE TOWER	5 LANYON PLACE		BELFAST	BT1 3BT	1 256
Mercury Events Ltd						1 251
DAC Beachcroft Claims Ltd	PORTWALL PLACE PORTWALL LANE			BRISTOL	BS1 9HS	1 235
Admedia Ltd	320 REGENT STREET			london	W1B 3BE	1 200
Broad Electric Services Ltd						1 138
Ellisons	92 AVON ROAD		UPMINSTER	ESSEX	RM14 1RF	1 103
Angel Springs Ltd [A/C TRU049]						1 023
Jazz Events	THE OLD SCHOOL HIGHER KINNERTON		CHESTER	FLINTSHIRE	CH4 9AJ	966
Micromode Medical Ltd t/a CACI	UNIT 514 CENTENNIAL AVENUE	CENTENNIAL PARK	ELSTREE	HERTFORDSHIRE	WD6 3FG	739
Easher Cnckel Club						700
Albon Business Communications	LYMORE VILLA 162A LONDON ROAD	CHESTERTON		NEWCASTLE	ST5 7JB	685
Arther J Gallagher Insurance Brokers						635
Ecoburotic UK Ltd	GLOBE HOUSE	ECLIPSE PARK	SITTINGBOURNE ROAD	KENT	ME14 3EN	564
Anston Cleaning Ltd t/a Housekeepers London	THE CIRCLE UNIT 4	QUEEN ELIZABETH STREET		London	SE1 2JN	562
Greatbatch Limited	272 REGENTS PARK ROAD			LONDON	N3 3HW	540
Close Bros Finance [Agreement AAXA005794]	10 THE MALTSTERS	WETMORE ROAD	BURTON ON TRENT	STAFFORDSHIRE	DE14 1LS	526
Sage (UK) Ltd	NORTH PARK	NEWCASTLE UPON TYNE			NE13 9AA	475
Grafco	THORPE HOUSE	93 HEADLANDS	KETTERING	NORTHAMPTONSHIRE	NN15 6BL	462
Honzon Air Conditioning Ltd	8 EMBASSY INDUSTRIAL ESTATE	Stourbridge		West Midlands	DY9 8RY	455
Angel Fire Ltd	90 TURNBERRY	OUSTON	CHESTER LE STREET	COUNTY DURHAM	DH2 1LR	384
White Rose Laundries Ltd	5/6 SCHOOL ROAD			LONDON	NW10 6TD	352
Buds & Blooms	29 BAXENDALE STREET			LONDON	E2 7BY	324
White Knight Laundry [A/C E9580]						295
Abacus AC Solutions Ltd	CAMBRIDGE HOUSE	27 CAMBRIDGE PARK		LONDON	E11 2PU	264

## List of creditors cont

Windsor Displays	KILN HOUSE STUDIOS	BADSHOT FARM LANE	BADSHOT LEA	FARNHAM	GUR 9HY	240
Hair and Beauty Jobs.com						227
FastPay	GROSVENOR HOUSE AGECROFT ROPENDLEBURY			MANCHESTER	M27 8UW	224
Post Office						218
Darling Magazine	14 JCKLINGHAM ROAD			COBHAM	KT11 2NG	175
White Knight Laundry [A/C E9572]	111 113 LOVEROCK ROAD	READING		BERKSHIRE	RG30 1DZ	162
White Knight Laundry [A/C E9581]						148
Paper Bag Co (Orca Print Ltd)						136
Modern Medical Practice Ltd	3 GEORGE STREET			WATFORD	WD18 0BX	132
Gerrard International (TRU022)						130
Gutierrez LLP	THE BELLBOURNE 103 HIGH STREET ESHER			SURREY	KT10 9QE	122
Ht Lo Cleaning						120
Angel Springs Ltd [A/C PRO528]	ANGEL HOUSE SHAW ROAD	WOLVERHAMPTON			WV10 9LE	100
Micro Medical Ltd**	1 3 MANOR ROAD	CHATHAM		KENT	ME4 6AE	99
Clearview C W C S	ASHETONS FARM	TYSEA HILL	STAPLEFORD ABBOTTS	ROMFORD	RM4 1JU	96
Millards Cleaning Services Ltd						93
Dulais						92
Nexx Ltd	307 GRAY'S INN ROAD			LONDON	WC1X 8QS	77
Npower [A/C 7964 66011 00]	WINDMILL HILL BUSINESS PARK	WHITEHILL WAY		WILTSHIRE	SN5 6PB	12
Dor 2-Dor (D2D print)	CLARE LODGE	41 HOLLYBUSH LANE	HARPENDEN	HERTS	AL5 4AY	1
Orange						1
Solution IP Communications Ltd	53 WESTBURY HILL			BRISTOL	BS9 3AD	1
Lyndon Copiers Ltd	2 STATION ROAD WEST		OXFED	SURREY	RM8 9EP	1
Atlantic Shopping	1ST FLOOR COPTHALL HOUSE	1 NEW ROAD	STOURBRIDGE	WEST MIDLANDS	DY8 1PH	1
J&A International Ltd (Name Badges International)	INSIGNIA HOUSE	VALE ROAD SPILSBY		LINCOLNSHIRE	PE23 5HE	1
Talk Talk	88-90 BAKER STREET			LONDON	W1U 6TD	1
Thames Water (78864-09595)	CLEARWATER COURT	VASTERN ROAD	READING	BERKSHIRE	RG1 8DB	1
Totaljobs Group Ltd	BLUE FIN 110 SOUTHWARK STREET	LONDON	London		SE1 9TA	1
Extention Media (UK) Ltd	CAMDEN WHARF	28 JAMESTOWN ROAD	London		NW1 7BY	1
Lytton Aesthetic Service Ltd						1
Fire Protection	7 MARSHALL ROAD	HAMPDEN PARK INDUSTRIAL ESTATE	EASTBOURNE	East Sussex	BN22 9AX	1
PlumbingForce Ltd	1 BEAUCHAMP COURT	10 VICTORS WAY	BARNET	HERTFORDSHIRE	EN5 5TZ	1
Kong Industries	BOWCLIFFE HALL	BRAMHAM		LEEDS	LS23 6LP	1
Npower [A/C 7928 93670 40]	WINDMILL HILL BUSINESS PARK	WHITEHILL WAY		WILTSHIRE	SN5 6PB	1
Team Valley Group	3 OCTAVIAN WAY	TEAM VALLEY TRADING ESTATE	GATESHEAD	TYNE AND WEAR	NE11 0HZ	1
Printing.com	DOLBEN COURT	25 MONTAGNE CLOSE		LONDON	SW1P 4BB	1
Close Bros Finance [Agreement AAXA013413]	10 THE MALTSTERS	WETMORE ROAD	BURTON ON TRENT	STAFFORDSHIRE	DE14 1LS	1
Levan Molene						1
Paytek Administration Services Ltd	18 ST SWITHINS LANE		LONDON	ENGLAND	EC4N 8AD	1
Hotstetter Hall						1
Printed.com						1
Best AI Print	65 ST MARY STREET	CHIPPENHAM	WILTSHIRE		SN15 3JF	1
Westminster Council	15TH FLOOR	Westminster City Hall 64 Victoria	LONDON		SW1E 6QP	1
RingCentral	3RD FLOOR 1 ASHLEY ROAD	ALTRINCHAM		CHESHIRE	WA14 2DT	1
Systems Technology (SE) Ltd	THE MILLS	CANAL STREET	DERBY		DE1 2RJ	1
Eon [A/C 0138 5258 3100]	15 CANADA SQUARE	CANARY WHARF		DERBYSHIRE	E14 5GL	1
Staff Expenses						1
Rivers Leasing	AMBA HOUSE 15 COLLEGE ROAD	HARROW		MIDDLESEX	HA1 1BA	1
Asset Advantage [Agreement 3576]	3RD FLOOR MATRIX HOUSE	BASING VIEW	BASINGSTOKE	HAMPSHIRE	RG21 4OZ	1
Metro Bank [Agreement 2325]	ONE SOUTHAMPTON ROW			LONDON	WC1B 5HA	1
Talent Enterprises Ltd	21 DARTMOUTH STREET			LONDON	SW1H 9BP	1
Asset Advantage [Agreement 3152]						1
Asset Advantage [Agreement 3354]						1
Gateshead Council	CIVIC CENTRE	REGENT STREET	GATESHEAD	TYNE AND WEAR	NE8 1HH	1
Solo Press						1
Close Bros Finance [Agreement AAXA012058]						1
Dunton Thomas						1
Aurora Leasing [Agreement 2798539]	1 DOWNLAND CLOSE	WHETSTONE		LONDON	N20 9LZ	1
Metro Bank [Agreement 2475]						1
Asset Advantage [Agreement 4250]						1
Blueco Limited	5 Strand	London			WC2N 3AF	1
Denton and Co Trustee Limited	Sutton House	Weysside Park	Catteshall Lane	Godalming Surrey	GU7 1XE	1
Peter Nicholas Jubert	Manor Barn House Browns Lane	Elfringham Leatherhead		Surrey	KT24 5NL	1
Tops Shop Centres Limited	5 Strand	London			WC2N 3AF	1
Park Investments Limited	CTV House La Pourcelaye	St Helier	Channel Islands		J12 3GF	1
PNBJ Limited	26 New Street	ST Helier	Jersey Channel Islands		JE2 3RA	1
Welbeck Healthcare Limited	27 Welbeck Street	London			W1G 8EN	1
Intu Eldon Square Limited	40 Broadway		London		SW1H 0BU	1
Metrocentre Nominee No 1) Limited and						1
Metrocentre Nominee No 2) Limited	40 Broadway		London		SW1H 0BU	1
SLM Recruitment Limited	6 Lower Grosvenor Place		London		SW1W 0EN	1
Facebook	10 Brock street			London	NW1 3FG	0
						<b>1 350 381</b>

APPENDIX IV

RECEIPTS AND PAYMENTS ACCOUNT

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD 4 APRIL 2016 TO 11 APRIL 2016

	Estimated to Realise Estimated financial position	04-Apr-16 to 11-Apr-16	Total Receipts/ Payments To Date
<b>RECEIPTS</b>		£	£
Plant, furniture and equipment	67,500	67,500	67,500
Goodwill	2,500	2,500	2,500
Names	2,500	2,500	2,500
Intellectual property	2,500	2,500	2,500
Software	2,500	2,500	2,500
Stock	7,500	7,500	7,500
Work in progress	2,500	2,500	2,500
Contracts	10,000	10,000	10,000
Database	2,500	2,500	2,500
Rent prepayment	5,000	5,000	5,000
Access fee	2,050	2,050	2,050
Cash at bank	29,000	29,000	29,000
Investments	Uncertain	-	-
Leased Equipment	-	-	-
Debtors	Uncertain	-	-
Unpaid Share Capital	Uncertain	-	-
Prepayments	Uncertain	-	-
Rental Deposit	Uncertain	-	-
Accrued Income	Uncertain	-	-
Licence fee	-	38,032	38,032
	<b>136,050</b>	<b>174,082</b>	<b>174,082</b>
<b>PAYMENTS</b>			
		-	-
		-	-
<b>Balance (receipts less payments)</b>			<b>174,082</b>

Represented by

Administration current account - non interest bearing

ReSolve Partners Limited client account

**TOTAL CASH IN HAND**

174,082

**174,082**

Mark Supperstone  
Joint Administrator  
11 April 2016

## APPENDIX V

### ADMINISTRATORS' CHARGE OUT RATES, FEES ESTIMATE, DISBURSEMENT POLICY AND NARRATIVE

#### Joint Administrators' charge out rates

The Joint Administrators are seeking to be remunerated on a time cost basis. Charge-out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work.

This document provides an estimate as to how much time the Administrators and their staff will spend undertaking specific tasks, and the costs of undertaking such work. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work.

The estimated costs have been divided by the estimated hours required to arrive at an average hourly charge out rate for that category of work. The hourly charge-out rates used on this case are as follows:

Staff grade	Rate per hour (£)
Principal	510
Director	415
Senior Manager	395
Manager	340
Assistant Manager	305
Senior Administrator	255
Administrator	195
Junior Administrator	145

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Partners Limited.

## Fees estimate

### FEES ESTIMATE

	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work (£)	Average charge out rate (£)
<b>ADMINISTRATION AND PLANNING (Note 2)</b>			
<b>Description of the tasks to be undertaken in this category of work</b>			
Case planning and monitoring			
Case planning devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case	6 00	2 140 00	
Setting up physical/electronic case files (as applicable)	2 50	437 50	
Setting up the case on the practice's electronic case management system and entering data	1 50	382 50	
Undertaking periodic reviews of the progress of the case	6 00	1 965 00	
Overseeing and controlling the work done on the case by case administrators	5 00	1 810 00	
Reporting to creditors			
Preparation of SIP16 (delete if not applicable)	16 00	4 732 00	
Issuing the statutory notifications to creditors and other required on appointment as office holder including gazetting the office holder's appointment (as applicable)	8 00	2 660 00	
Preparation of proposals	19 00	5 375 00	
Convening and holding general meetings of creditors and members (as applicable)	3 00	1 012 50	
Preparing reviewing and issuing annual progress reports to creditors and members (as applicable)	8 50	2 280 00	
Preparing reviewing and issuing final reports to creditors and members (as applicable)	4 50	1 582 50	
<b>Compliance matters</b>			
Obtaining a specific penalty bond	1 50	532 50	
Reviewing the adequacy of the specific penalty bond on a quarterly basis	3 50	945 00	
Correspondence with creditors			
Dealing with all routine correspondence and emails relating to the case	19 30	4 643 00	
Cashiering			
Opening maintaining and managing the office holder's estate bank account (delete if not applicable)	3 50	737 50	
Creating maintaining and managing the office holder's cashbook	2 50	387 50	
Undertaking regular bank reconciliations of the bank account containing estate funds	2 50	487 50	
Filing documents with Companies House / Court			
Filing returns at Companies House and/or Court (as applicable)	4 20	1 202 00	
Filing final returns at Companies House and/or Court (as applicable)	1 50	502 50	
<b>General administration</b>			
Arranging suitable insurance over assets	1 20	363 00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place	2 00	627 50	
Preparing and filing VAT returns (delete if not applicable)	5 00	1 305 00	
Preparing and filing Corporation Tax returns (delete if not applicable)	4 00	962 50	
Seeking closure clearance from HMRC and other relevant parties	2 00	560 00	
<b>Total</b>	<b>132.70</b>	<b>37,632 50</b>	<b>283 59</b>
<b>INVESTIGATIONS (Note 3)</b>			
<b>Description of the tasks to be undertaken in this category of work</b>			
D return preparation			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable)	7 50	2 115 00	
<b>General investigation</b>			
Recovering the books and records for the case	6 00	1 325 00	
Listing the books and records recovered	5 00	1 337 50	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank accountants solicitors etc	11 50	3 457 50	
<b>Other investigation</b>			
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	9 00	2 285 00	
<b>Total</b>	<b>39 00</b>	<b>10,520 00</b>	<b>269 74</b>



## Fees estimate cont

### REALISATION OF ASSETS (Note 4)

Description of the tasks to be undertaken in this category of work

Book debt recoveries			
Corresponding with debtors and attempting to collect outstanding book debts	5 00	1 577 50	
Liaising with the bank regarding the closure of the account	2 00	720 00	
Sale of business / assets			
Instructing agents to value business assets	10 00	2,485 00	
Liaising with agents to realise assets	12 50	4 002 50	
Instructing solicitors to assist in the realisation of assets	7 50	2 522 50	
Completing sale of business assets and monitoring terms	6 50	2 137 50	
Property freehold and leasehold			
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable)	15 00	4 832 50	
<b>Total</b>	<b>58 50</b>	<b>18,277 50</b>	<b>312 44</b>

### TRADING (note 5)

Description of the tasks to be undertaken in this category of work

Day one matters			
Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts	3 00	955 00	
Arranging suitable insurance for the business	2 00	535 00	
<b>Total</b>	<b>5 00</b>	<b>1,490 00</b>	<b>298 00</b>

### CREDITORS (note 6)

Description of the tasks to be undertaken in this category of work

Employees			
Obtaining information from the case records about employee claims	12 00	2 360 00	
Completing documentation for submission to the Redundancy Payments Office	11 50	1 997 50	
Corresponding with employees regarding their claims	14 00	3 557 50	
Liaising with the Redundancy Payments Office regarding employee claims	10 00	1 450 00	
Unsecured creditors			
Dealing with creditor correspondence emails and telephone conversations regarding their claims	29 50	8 947 50	
Maintaining up to date creditor information on the case management system	8 00	2 025 00	
Claim agreement and distributions			
Issuing a notice of intended dividend and placing an appropriate gazette notice	6 50	1 302 50	
Reviewing proofs of debt received from creditors adjudicating on them and formally admitting them for the payment of a dividend	12 00	3 562 50	
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims	5 00	775 00	
Calculating and paying a dividend to creditors and issuing the notice of declaration of dividend	8 50	2 377 50	
Paying tax deducted from the dividends paid to employees	6 50	1,877 50	
<b>Total</b>	<b>123 50</b>	<b>30,232 50</b>	<b>244 80</b>

<b>Total time costs and hours</b>	<b>358 70</b>	<b>98,152 50</b>	<b>273 63</b>
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Note 1 This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

Note 2 Administration and planning - This represents the work that is involved in the routine administrative functions of the case by the office holders and their staff.

Note 3 Investigations - The insolvency legislation gives the office holders powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure. An initial investigation determines whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will incur additional time costs to investigate them in detail and to bring recovery actions where necessary. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear. The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with their statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 4 Realisation of Assets - This is the work that needs to be undertaken to realise the known assets in the case.

Note 5 Trading - The office holders have decided to trade the business of the company in order to achieve a sale of the business as a going concern / work with customers to provide a better outcome for the creditors of the Company, which it is anticipated will maximise the recoveries on behalf of creditors. The particular tasks scheduled in this category of work are required to be undertaken in order to enable the office holder to monitor and control the trading of the business, and include statutory functions that are required to be undertaken when running any business.

Note 6 Creditors - Employees - The office holders need to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holders are required to undertake this work as part of their statutory functions. Claims of creditors - the office holders need to maintain records of the names and addresses of creditors, together with the amounts of their claims to ensure notices and reports can be issued to the creditors. The office holders will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory functions. Dividends - the office holders have to undertake certain statutory formalities in order to enable them to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

## **Disbursement policy**

Separate charges are made in respect of directly attributable expenses (Category one disbursements) such as travelling (non-mileage), postage, photocopying, statutory advertising and other expenses made on behalf of the assignment

Indirect charges (Category two disbursements) require separate approval and the basis of charging these is as follows

- |                |                    |
|----------------|--------------------|
| ▪ Photocopying | 20 pence per sheet |
| ▪ Mileage      | 45 pence per mile  |

## **Narrative of work carried out**

### Administration and Planning

#### *Case planning*

- Preparing the documentation and dealing with the formalities of appointment
- Review and storage
- Case planning and administration

#### *General administration*

- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Liaising with insurers regarding initial cover
- Maintaining physical case files and electronic case details on Insolv
- Preparing reports to members and creditors
- Coordinating vacation of the Companies' premises

### Creditors

#### *Unsecured*

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Liaising with landlords regarding access to premises
- Liaising with landlords regarding purchaser's continued occupation
- Maintaining creditor information on Insolv

#### *Employees*

- Discussions with employees regarding entitlements
- Issuing redundancy letters to staff
- Issuing letters to transferred employees
- Maintaining creditor information on Insolv
- Dealing with creditor correspondence and telephone conversations
- Preparing information to the Redundancy Payments Office
- Maintaining creditor information on Insolv

### Realisation of Assets

#### *Sale of business / assets*

- Liaising with Lambert Smith Hampton Limited regarding the Company's assets and sale of same
- Liaising with Pitmans regarding the sale of assets generally
- Discussions with proposed purchaser of shares in subsidiary

*Property – freehold and leasehold*

- Liaising with Pitmans regarding licence to occupy matters

*Other assets*

- Liaising with the purchaser regarding other assets generally
- Liaising with the Company's financial controller regarding cash at bank
- Liaising with HSBC Bank plc regarding transfer of cash at bank

Statutory

*Statutory paperwork / form preparation*

- Statutory form preparation
- Liaising with solicitors regarding appointment documentation
- Dealing with statutory issues required under the Insolvency Act 1986, the Insolvency Rules 1986 and the Statements of Insolvency Practice

*Filing documents with CH / Court*

- Filing documents with the Registrar of Companies and Court

*Reporting to creditors*

- Reporting to members, creditors, employees and other stakeholders
- Drafting proposals and report to creditors
- Drafting disclosure in accordance with Statement of Insolvency Practice 16

APPENDIX VI

SCHEDULE OF POST-APPOINTMENT TIME COSTS

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring	0.70	280.00			0.80	204.00	1.50	484.00	322.67
General administration	1.20	612.00	2.70	823.50	15.70	4,938.50	19.60	6,374.00	325.20
	1.90	892.00	2.70	823.50	16.50	5,142.50	21.10	6,858.00	325.02
Creditors									
Unsecured	2.50	1,231.00	6.00	1,830.00			8.50	3,061.00	360.12
Employees					1.40	357.00	1.40	357.00	255.00
	2.50	1,231.00	6.00	1,830.00	1.40	357.00	9.90	3,418.00	345.25
Realisation of Assets									
Sale of business / assets	0.10	40.00	3.70	1,128.50			3.80	1,168.50	307.50
Property freehold and leasehold	0.50	255.00	-	-		-	0.50	255.00	510.00
Other assets			1.60	488.00			1.60	488.00	305.00
	0.60	295.00	5.30	1,616.50		-	5.90	1,911.50	323.98
Statutory									
Statutory paperwork / form completion			0.80	244.00	4.50	1,147.50	5.30	1,391.50	262.55
Filing documents with CH / Court			0.30	91.50			0.30	91.50	305.00
Reporting to creditors	3.80	1,520.00	21.50	6,557.50	2.00	510.00	27.30	8,587.50	314.56
	3.80	1,520.00	22.60	6,893.00	6.50	1,657.50	32.90	10,070.50	306.09
Total hours and cost	8.80	3,938.00	36.60	11,163.00	24.40	7,157.00	69.80	22,258.00	318.88

APPENDIX VII

SCHEDULE OF PRE-APPOINTMENT TIME COSTS

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration & Planning	11.90	5,376.00	24.30	7,906.50	3.30	1,096.50	39.50	14,379.00	364.03
Creditors	-	-	0.30	91.50			0.30	91.50	305.00
Realisation of Assets	38.20	16,963.00	49.90	15,219.50			88.10	32,182.50	365.30
Statutory	0.90	459.00	3.70	1,128.50			4.60	1,587.50	345.11
	51.00	22,798.00	78.20	24,346.00	3.30	1,096.50	132.50	48,240.50	364.08

APPENDIX VIII

FORM 2 25B – NOTICE OF CONDUCT OF BUSINESS BY CORRESPONDENCE

Form 2 25B

Rule 2 48

Notice of conduct of business by correspondence

Name of Company Cutis Developments Limited	Company number 07297483
Court name High Court of Justice, Chancery Division (full name of court)	Court case number 1445 of 2016

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

Notice is hereby given by (a) Mark Supperstone and Simon Harris of ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB

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

to the creditors of (b) Cutis Developments Limited c/o ReSolve Partners Limited One America Square, Crosswall, London, EC3N 2LB

(c) Insert number of resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) three resolutions for your consideration. Please indicate below whether you are in favour or against each resolution

(d) Insert address to which form is to be delivered

This form must be received at (d) ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB

by 12 00 hours on (e) 28 April 2016 in order to be counted. It must be accompanied by details in writing of your claim unless those details have already been submitted for the purpose of a meeting of creditors. Failure to do so will lead to your vote(s) being disregarded

(e) Insert closing date  
Repeat as necessary for the number of resolutions attached

**Resolution (1)**

The acceptance of the Joint Administrators' proposals I am \*in favour / against

**Resolution (2)**

The approval of the Joint Administrators' pre-appointment time costs and expenses as detailed in **Appendix VII** and section ten of the report and for them to be drawn, plus VAT I am \*in favour / against

**Resolution (3)**

The formation a creditors' committee I am \*in favour / against

If you wish to put forward a nomination for the membership of the creditors' committee, please complete the section below

For the Appointment of \_\_\_\_\_  
(name of individual)

of \_\_\_\_\_  
(company / organisation name)

representing \_\_\_\_\_  
(name of creditor)

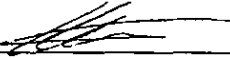
as a member of the creditors committee

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor \_\_\_\_\_

Signature of creditor \_\_\_\_\_  
(If signing on behalf of a creditor, state capacity e.g  
director / solicitor)

If you require any further details or clarification prior to returning your votes,  
please contact me at the address above

Signed  \_\_\_\_\_  
Joint Administrator

Dated 11 April 2016

APPENDIX IX

PROOF OF DEBT – GENERAL FORM

CUTIS DEVELOPMENTS LIMITED T/A PROSKIN – IN ADMINISTRATION	
Date of administration 4 April 2016	
1	Name of creditor (If a company please also give company registration number)
2	Address of creditor for correspondence
3	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)
5	If amount in 3 above includes outstanding un-capitalised interest please state amount £
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7	Particulars of any security held, the value of the security, and the date it was given
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
9	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)
<b>For Administrators' Use only</b>	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator