

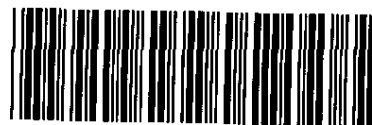
AM03

Notice of administrator's proposals



Companies House

THURSDAY



A37 *A6KAKGE3* 30/11/2017 #72
COMPANIES HOUSE

1 Company details

Company number 05494679

Company name in full Flourish Make Up Limited t/a Recover

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Paul

Surname Cooper

3 Administrator's address

Building name/number

Street 26 - 28 Bedford Row

Post town London

County/Region

Postcode WC1R4HE

Country

4 Administrator's name ①

Full forename(s) Paul

Surname Appleton

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street 26 - 28 Bedford Row

Post town London

County/Region

Postcode WC1R4HE

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Sign and date

Administrator's
Signature

Signature

X

Paul

X

Signature date

^d2

^d9

^m1

^m1

^y2

^y0

^y1

^y7

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Paul Cooper
Company name	David Rubin & Partners
Address	26 - 28 Bedford Row
Post town	London
County/Region	
Postcode	W C 1 R 4 H E
Country	
DX	
Telephone	020 7400 7900



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



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You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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IN THE HIGH COURT OF JUSTICE

NO 007558 OF 2017

IN THE MATTER OF

FLOURISH MAKE UP LIMITED T/A RECOVER - IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

**THE JOINT ADMINISTRATORS' REPORT AND
STATEMENT OF FORMAL PROPOSALS AS REQUIRED BY
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986
AND RULE 3.35 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016**

FLOURISH MAKE UP LIMITED T/A RECOVER – IN ADMINISTRATION

JOINT ADMINISTRATORS' REPORT AND PROPOSALS - PARA 49

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**FLOURISH MAKE UP LIMITED T/A RECOVER – IN ADMINISTRATION
STATEMENT OF FORMAL PROPOSALS AND REPORT
OF THE JOINT ADMINISTRATORS AS REQUIRED BY
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

1. INTRODUCTION

- 1.1 Paul Appleton and I, Paul Cooper, both of David Rubin & Partners, 26 - 28 Bedford Row, London, WC1R 4HE were appointed Joint Administrators of Flourish Make Up Limited t/a ReCover ("the Company") on 10 October 2017. The appointment was made by the Company, pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act"). The Joint Administrators act jointly and severally in the exercising of any and all functions exercisable by an Administrator appointed under the provisions of Schedule B1 of the Act.

2. STATUTORY INFORMATION

The Company's statutory information is set out in Appendix 1 of this report.

3. BRIEF TRADING HISTORY AND RESULTS

- 3.1 The business undertook the production and online sale of make-up, specialising in concealers. The business operated from small offices in Esher under a 3-year Lease with a 12-month recurring option expiring in November 2017. A rent deposit of £5,900 was initially provided to the Landlord. The Company's production was undertaken from a manufacturing facility, which also stored the product in a warehouse.
- 3.2 Charles Leonard Campbell Stone ("CS") and Annabel Domenica Jardella ("AJ") were the Directors of the Company and at the time of Administration there were 14 Shareholders of which CS (32%) and AJ (38%) held the majority of the shares. It should be noted that the day prior to Administration, AJ resigned her position as a Director and during the Administration process she also sold her shares to another investor, Helen Cardrick ("HC"), who now owns 45%.
- 3.3 Extracts from the Company's Financial Statements are as detailed below:

	Year ended 30-06-16 (Statutory) £	Year ended 30-06-15 (Statutory) £	Year ended 30-06-14 (Statutory) £
Turnover	6,744	-	-
Gross profit	4,923	-	-
Operating (loss) for year after taxation	(62,996)	(11,509)	(6,713)
Retained (loss) b/f	(66,701)	(55,192)	(48,479)
Dividends	-	-	-
Retained (loss) c/f	(129,697)	(66,701)	(55,192)
Share Capital and Share Premium	210,311	66,999	120
Net Assets	80,614	298	(55,072)

3. BRIEF TRADING HISTORY AND RESULTS...CONT.

- 3.4 The Company's management accounts to 30 June 2017 detailed that turnover in that year equated to £22,273 with a loss of £187,508 being incurred. In the three month period to 28 September 2017, turnover equated to £8,829 with a loss of £18,783 being incurred.
- 3.5 The Company was founded in June 2005 by AJ and her father. She had been a professional make-up artist for 15 years working on films such as *Evita* and *Gladiator* and had taught at the renowned *Delamar Academy*. A year later, the business was launched as a bespoke make-up service for make-up artists.
- 3.6 In 2011, a decision was made to develop and produce a concealer product. Using AJ's specialised knowledge in the camouflage make-up industry and her affiliation with the *Skin Camouflage Network*, she wanted to create a carefully edited range of targeted colour corrective products to neutralise a range of skin challenges.
- 3.7 HC joined the Company in 2012 at which point the make-up service business closed. CS was approached in May 2013 as a potential investor. Within the next year, HC had stepped away from the business and CS had invested an initial £125,000 and had joined full time as a Non-Executive Director, receiving no salary. AJ started to draw a salary of £40,000 via a loan repayment and started to work full-time on the development of the product. The *ReCover* brand was chosen for the projected range of concealer product.
- 3.8 Over the next couple of years, CS loaned an additional £150,000 in order to fund development and buy assets in order to bring the business to the point of being an investable proposition for third parties.
- 3.9 A proposed share sale financing round totalling £350,000 was agreed between CS and AJ at the beginning of 2015, of which £150,000 was intended to repay the loan from CS. However, by the third quarter of 2015, only £200,000 was secured through an EIS scheme. At the same time, the *Recover Correct and Conceal Red* ("RCCR") sample product was launched to great reviews and the final product was then launched at the end of the year. CS also agreed that if the remaining £150,000 was not secured, he would convert the loan to equity.
- 3.10 Despite the good reviews, significant sales did not materialise during 2016 and CS supplemented the business with further loans, affording the product time to achieve breakeven levels. In order to reduce costs and given the lack of value added, the marketing and PR consultants were released.
- 3.11 In the second quarter of 2016, *Discovery Packs* were launched giving buyers a 'cheap' sampling option. AJ and CS discussed the need for further investment but the lack of sales made this a difficult selling point. It was then agreed that AJ would target major retailers and spas and that a second product was the key to making the *ReCover* brand a success.
- 3.12 At the end of 2016, a Google Ads campaign was launched at a cost of £2-2.5k per month. Whilst the *Guru Make-Up Emporium* agreed to stock the RCCR product, all the major retailers that were contacted rejected the product.
- 3.13 By the beginning of 2017, average sales of the RCCR product had reached £4,000 per month. However, this was still a very poor return based on the level of investment. It was agreed that further investment was needed in order to complete development of the second product, *Under Eyes Correct and Conceal* ("UECC"), and bring it to market. Existing and external investors were approached by AJ and CS. In that regard, £70,000 was secured from existing investors and further funds were introduced by CS.

3. BRIEF TRADING HISTORY AND RESULTS...CONT.

3.13 Subsequently, in the second and third quarter of 2017, there was a breakdown in relationship between AJ and CS for, *inter alia*, the following reasons:

- the manner in which CS was introducing his funding;
- the involvement of the other shareholders in the decision process;
- disagreement with regard to potential restructuring ideas;
- the allegation that AJ appeared to have received more than the agreed remuneration of £40,000 per annum, whilst CS had not received any remuneration during 2016/17;
- the lack of improvement in sales;
- the allegation that AJ appeared to have been contacting and agreeing terms with potential clients without the awareness and involvement of CS; and
- the increase in creditor liabilities and level of funds due to CS.

3.14 With the Company in financial difficulty, CS sought professional advice from David Rubin & Partners at the end of August 2017.

4. BACKGROUND TO THE APPOINTMENT OF ADMINISTRATORS

4.1 It was quickly established given the level of debt due to CS and the asset base, that the Company was insolvent on a balance sheet basis. In addition, should CS decide to call in his debt, which had yet to be undertaken, the Company would be insolvent on a liquidity basis. It was also established that CS and AJ were at an impasse regarding the strategy of dealing with the debt position and the direction of the business going forward. If no settlement could be agreed between the co-Directors, it appeared that an insolvency procedure could be appropriate in the circumstances. This was especially pertinent given the Directors' fiduciary duties, pursuant to the Companies Act.

4.2 Various insolvency procedures were explained to CS in order that he was fully informed of the options available:

1. CS could recommend to AJ that, as co-Directors, they appoint an Administrator, pursuant to Paragraph 22 of Schedule B1 to the Act;
2. Either of the Directors could convene a meeting of the Company's shareholders or a request could be made by CS as a Shareholder to convene one (with the appropriate notice period in accordance with the Company's articles) in order to resolve that the Company appoints an Administrator, pursuant to Paragraph 22 of Schedule B1 to the Act;
3. The Directors could propose a Company Voluntary Arrangement ("CVA") to the creditors of the Company;
4. The Directors could resolve to convene the relevant meetings of Shareholders and Creditors with a view to placing the Company into Creditors' Voluntary Liquidation ("CVL"); or
5. CS, as a creditor, could issue a Winding-Up Petition against the Company with a view to it being placed into Compulsory Liquidation. He could also present a petition to place the Company into Administration, pursuant to Paragraph 12 of Schedule B1 to the Act.

4. BACKGROUND TO THE APPOINTMENT OF ADMINISTRATORS...CONT.

- 4.3 It is understood that these options were discussed between the two Directors. However, it appeared that AJ did not wish to proceed down a formal insolvency process route and preferred to try and negotiate with CS regarding his loan and rescue the business outside of a process. In that regard, options 1, 3 and 4 were not available given that consent would be required from AJ. Option 5 was also deemed inappropriate given the length of time it would have taken to enter into a process. These options could have also irrecoverably damaged the business.
- 4.4 Accordingly, it was recommended that an Administration via option 2 would be the most appropriate process in the circumstances as the appointment could be secured relatively quickly with a view to safeguarding the business and assets. Independent legal advice was also obtained in that regard.
- 4.5 On 19 September 2017, a formal request was made by CS (as a shareholder with more than 5% of the voting rights) to AJ to require the Directors to convene a meeting of the Shareholders to consider resolutions to place the Company into Administration. CS had also formally called in his debt. On 21 September 2017, AJ agreed that a meeting of the Shareholders would be convened for 10 October 2017 at 11am at the offices of DRP. She also advised that, in the meantime, she would continue to give her best efforts to cut costs and bring in sales. Accordingly, all Shareholders were notified of the meeting.
- 4.6 In the meantime, whilst it was clear that as the proposed Administrators, one of the statutory purposes of Administration could be achieved, prior to accepting any appointment, the position needed to be clarified. In that regard, detailed financial information was requested from CS and a valuation of the business was undertaken by independent agents, Williams & Partners ("W&P"). Having considered the position, an Estimated Statement of Affairs of the Company ("ESOA") was produced.

5. PURPOSE OF THE ADMINISTRATION ORDER

- 5.1 Paragraph 3(1) of Schedule B1 of the Act states that Administrators must perform their functions with the objective of:
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 5.2 It was unlikely that the primary purpose of saving the Company would be achievable because of the level of the debt accrued. However, this option was always a possibility.
- 5.3 Notwithstanding the above, the Company did have realisable assets in the form of its brand, work-in-progress and stock which, by virtue of their nature, were more likely to be enhanced in terms of value in the event that the Company was placed into Administration rather than being placed into a CVL.
- 5.4 Accordingly, the second purpose of achieving a better result for the creditors as a whole than would be likely if the Company were wound up (without first being in Administration) was considered likely to be achievable.

5. PURPOSE OF THE ADMINISTRATION ORDER...CONT.

- 5.5 Given there were no Secured or Preferential Creditors, the third purpose was not deemed achievable.
- 5.6 It was indicated by CS that he would wish to purchase the business from duly appointed Administrators through a newly incorporated entity. In that regard, if the business could be maintained through a trading procedure either undertaken by the Joint Administrators or through a licence agreement with an entity under the control of CS, it could subsequently be sold as a going concern to the highest bidder, thereby maximising the return to creditors. The Joint Administrators would need to instruct W&P to undertake an appropriate marketing campaign to establish whether there were any other interested parties in the business.
- 5.7 The position regarding the costs to convert the work-in-progress for sale and ransom payments in terms of storage, manufacturing and packaging, would need to be weighed up against potential retail value by any purchaser, or indeed, the Administrators. In addition, the expiry date of the raw material and final product would need to be assessed.
- 5.8 In that regard, even if objective (a) could not be achieved, there was confidence that objective (b) could be achieved in the circumstances.
- 5.9 On the evening of 9 October 2017, the proposed Joint Administrators were copied into an email from AJ to CS indicating that she would be resigning as a Director with effect from 10 October 2017. In addition, she provided a proxy giving CS authority to vote on her behalf at the Shareholders meeting at his discretion.
- 5.10 This left CS as the sole Director of the Company. Subsequently, at the Shareholders meeting it was resolved that the Company be placed into Administration and Paul Cooper and Paul Appleton were appointed as Joint Administrators. The relevant forms were filed at Court by my Solicitors and the appointment was effective from 15.00 on 10 October 2017.
- 5.11 During the meeting, the strategy of the Administration was discussed. In that regard, it was agreed that an entity under the control of CS, Merivale CS Ltd ("Merivale"), would trade the business under Licence with a view to maintaining the Goodwill for the benefit of creditors. It was also suggested that all creditor liabilities would be satisfied by Merivale and/or CS. In that regard, after a period of time, the primary purpose of saving the Company as a going concern could be achievable and the Company would subsequently be handed back to CS as the sole Director.

6. ACTION TAKEN BY THE ADMINISTRATORS AND CONDUCT

- 6.1 The manner in which the affairs and business of the Company have been managed, since the appointment of Joint Administrators are set-out below.
- 6.2 At the time of the Joint Administrators' appointment, the Company was trading from Premises at Suite 2, 1 Dawes Court, High Street, Esher KT10 9QD ("the Premises"), pursuant to a Licence Agreement at an annual rental of £14,705 per annum. A rent deposit in the sum of £5,900 was provided to the Landlord at the time of entering into the Lease, which was due to expire on 15 November 2017. It should be noted that another business was previously subletting part of the Premises and at the time of the Administration, there was an agreement in place for that entity to take over the Premises at the expiration of the Lease.

Accordingly, the rent deposit, less any outstanding rent to 15 November 2017 and associated costs, would be returned to the Company at that time.

6. ACTION TAKEN BY THE ADMINISTRATORS AND CONDUCT...CONT.

- 6.3 A Licence Agreement was entered into between the Company and Merivale for it to trade the business with a view to maintaining the Goodwill for the benefit of creditors.
- 6.4 The Director and former Director were informed that their powers of management had ceased as a result of the Administration.
- 6.5 Agents, W&P were instructed to review and update the valuation of the business and assets, which had initially been undertaken in the pre-appointment period.
- 6.6 A note was placed on the website detailing that the Company has entered into Administration.
- 6.7 The Company's Bankers, Barclays Bank plc, were informed of the appointment and requested that the bank account be kept open in order to facilitate certain receipts and payments.
- 6.8 In addition, as required by Schedule B1 to the Insolvency Act 1986, we filed notice of our appointment with the Registrar of Companies, served formal notice on the Company and advertised our appointment in the London Gazette.
- 6.9 We were required as soon as reasonably practicable after our appointment to write to all creditors of the Company, notifying them of our appointment. We obtained details of the Company's creditors from the Director and on 11 October 2017, we sent formal notice to all known creditors notifying them of our appointment as Administrators.
- 6.10 In addition to the work of developing the strategy for the Administration, including liaising with the current and former Director (including addressing numerous queries raised), assessing the Shareholder position, evaluating the business and progressing the sale of the business as explained further below, the Joint Administrators and their staff have undertaken the following tasks:-
- a) Opening a designated bank account and dealing with the movement of funds;
 - b) Applying for the Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005;
 - c) Publishing the necessary statutory advertisement in respect of the Administration proceedings in the London Gazette;
 - d) Completing various searches at Companies House to obtain statutory information on the Company;
 - e) Submitting a VAT 769 notifying HMRC that the Company is now in Administration and requested that the Company be deregistered for VAT;
 - f) Acknowledging creditors' claims, answering telephone enquiries and correspondence therewith;
 - g) Requesting a Statement of Affairs to be submitted by the Director of the Company;
 - h) Arranging for the collection of the Company's books and records from the former trading premises;
 - i) Liaising with HM Revenue & Customs; and

6. ACTION TAKEN BY THE ADMINISTRATORS AND CONDUCT...CONT.

j) Statutory and Administrative duties, including case reviews.

- 6.11 Finally, following our appointment, correspondence was entered into with the Director and former Director with regard to the position of the Company. In that regard, it was indicated that AJ wished to dispose of her shares and that CS wished to purchase them. This would have given him full control of the Company, which synergised with the strategy of achieving the primary purpose of Administration and handing the Company back to him as sole Director. In order to provide full disclosure, the shares were offered to all existing Shareholders. Two offers were received for the shares, one for £2,950 from CS and one for £130 from HC. After a period of time, AJ made the decision to sell her shares to HC even though this was at a lower price. Given that situation, it was considered untenable from the point of view of CS that he would be in a position to take back control of the Company from the Joint Administrators. Accordingly, it was not deemed possible that the primary purpose of Administration could be achieved. However, the second purpose of securing a better result for the Company's Creditors as a whole than would be likely if the company were wound up, was deemed achievable via a sale of the Company's business and assets as a going concern. In that regard, W&P were instructed to undertake a marketing campaign on behalf of the Joint Administrators.

7. STATEMENT OF AFFAIRS

- 7.1 The Director was requested to prepare a Statement of Affairs, pursuant to Paragraph 47 of Schedule B1 to the Act. The Director's Estimated Statement of Affairs ("ESOA") prepared from information contained in the records of the Company as at the date of Administration is attached at Appendix 2. It should be noted that the Director has qualified the asset figures, as certain of the book values were the subject of unresolved discussions with the Company's accountants at the date of Administration. The numbers detailed in the ESOA will be clarified further in the remainder of this Report.
- 7.2 The Creditors' claims are based on the last known position from the Company's records and the amounts disclosed should not be taken as exact or binding upon the Creditors. Creditors, if they have not already done so, are requested to submit a formal proof of debt in order that the final position may be ascertained, although it is not the responsibility of the Joint Administrators to formally agree claims.

8. RECEIPTS AND PAYMENTS ACCOUNT

- 8.1 A copy of the Joint Administrators' Receipts and Payments account for the period from 10 October 2017 to 29 November 2017 is attached at Appendix 3. I would comment on the account as follows:-

8.2 RECEIPTS

8.2.1 Sale of Business

As detailed in Section 6.11, W&P were instructed to undertake a marketing campaign on behalf of the Joint Administrators. In that regard, a number of parties expressed an interest in purchasing the same. Given the circumstances, all parties were given until 14 November 2017 to submit best and final offers.

8. RECEIPTS AND PAYMENTS ACCOUNT...CONT.

In the event, three offers were received by W&P and on their recommendation, the offer from Merivale totalling £24,000, to be paid in full on completion, was accepted. It will be recalled that Merivale had been trading the business under licence since the date of Administration, therefore, the sale was undertaken as a going concern and did not attract VAT.

The consideration was apportioned as follows:-

	£
Goodwill/Development costs/Trademarks/Database	4,500
Website & Domain	1,000
Stock and Work-in-Progress	16,000
Rent Deposit	2,500
Total	24,000

It should be noted that the rent deposit was included as part of the Sale Agreement, which equated to the net position after accounting for the outstanding rent and associated costs due to the Landlord at 15 November 2017. The Landlord is in the process of accounting to Merivale in respect of that sum.

8.2.2 Fixtures, Fittings & Equipment

Immediately on appointment, W&P were instructed to deal with the sale of the Company's furniture located at the Premises and computer equipment located at the home of the former Director, AJ. After significant negotiation, some of the furniture was sold to the entity taking over the Premises for the sum of £175 plus VAT and an iMac and laptop were sold to AJ for the sum of £416.67 plus VAT. It should be noted that the Company data contained on the iMac and laptop were removed prior to sale.

8.2.3 Cash at Bank

At the date of our appointment, the amount of £839 was held in the Company's bank account with Barclays.

Despite the fact that Merivale was trading the business under licence, it had not been possible to set-up its banking facilities immediately. In addition, it had not been possible for the payment facilities in respect of online sales to be changed to an account in the name of Merivale. Accordingly, receipts from sales (albeit relatively minimal) have continued to be paid into the Company's bank account. In addition, Merivale initially made certain payments into the Company's bank account in order to satisfy certain essential costs of the business. However, the account was frozen by Barclays for external payments. In that regard, CS made certain payments personally, which have since been refunded to him as detailed in 8.3.5 below.

The sum of £1,439 has been remitted by Barclays to date and further funds are expected, which will then be forwarded to Merivale.

8. RECEIPTS AND PAYMENTS ACCOUNT...CONT.

8.2.4 Director's Loan Account

The Company's management accounts to 28 September 2017 indicated that the sum of £8,779 was due from the former Director, AJ at the time. The Joint Administrators are in the process of reviewing the records in order to establish the correct position at the date of Administration with a view to then assessing the collectability of the same.

8.2.5 Cash Held on Appointment

The sum of £12,000 was paid by a third party prior to Administration specifically for the purpose of satisfying the costs of placing the Company into Administration.

8.2.6 Bank interest (gross)

The funds in hand are held in an interest bearing account with a High Street bank in the names of the Office Holders as Joint Administrators of the Company.

However, no interest has yet been applied to the funds held in the account.

8.3 PAYMENTS

8.3.1 Professional Fees

As detailed in 8.2.5, the sum of £10,000 plus VAT was paid by a third party specifically for the purposes of satisfying the costs of placing the Company into Administration. The sum of £8,000 plus VAT accounted for the fees of the proposed Joint Administrators.

8.3.2 Legal Fees

The amount of £2,000 plus VAT was paid to Solicitors, Pitmans Law, in respect of their services for assisting in placing the Company into Administration. These fees were paid from funds secured from the third party as detailed in 8.2.5 above.

Pitmans have a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. It was agreed that Pitmans would charge a fixed fee as detailed above. There are no outstanding fees due to Pitmans to date.

In addition, Gowling WLG (UK) LLP, were retained to review certain matters pertaining, in part, to the conduct of the Administration and, in part, in relation to the Directors and Shareholders. In that regard, the position regarding the satisfaction of the costs incurred by that Firm are currently the subject of review.

8.3.3 Agents' Fees

The amount of £3,667.50 plus VAT was paid to W&P in respect of their fees for providing the valuation of the Company's assets and assisting in the marketing and sale thereof.

W&P were selected as agents on the basis of their experience and expertise in dealing with valuations and sales of assets in insolvency situations, taking into account the locality and size of the Company. The agreed basis of W&P's fees was a valuation fee of £1,000 and 10% of asset realisations, plus disbursements of £208. There are no fees outstanding.

8. RECEIPTS AND PAYMENTS ACCOUNT...CONT.

8.3.4 Statutory advertising

This represents the costs of publishing statutory notices in newspapers and the London Gazette in respect of the Joint Administrators' appointment.

8.3.5 Reimbursement

The sum of £1,000 was paid to CS in relation to the funds detailed in 8.2.3 above.

8.4 PAYMENTS – Incurred but not yet paid

8.4.1 Specific Bond

The Specific Bond is the cost of insurance in respect of realisations by the Joint Administrators as required by the Insolvency Practitioners Regulations 2005. This charge is expected to be £117.60.

8.4.2 Carriage and archiving

Our firm uses a commercial archiving company for storage facilities for the company's records and papers. This is recharged at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of archiving and retrieval of documents.

8.4.3 Corporation Tax

The position regarding any chargeable gain on the sale of the assets will need to be assessed in due course.

8.4.4 Sundry Expenses

Certain expenses have been incurred by my archiving team in assisting with the collection and delivery of certain furniture and equipment from various premises. In addition, time has been incurred by my IT department in downloading information from the Company's computer equipment and email servers.

In addition, the sum of £92 has been incurred in respect of software costs in analysing the Company's bank statements for the 2-year period prior to Administration.

9. CREDITORS, PRESCRIBED PART AND DIVIDEND PROSPECTS

9.1 Secured Creditors

There are no Secured Creditors in respect of this Administration.

9.2 Preferential Creditors

There are no Preferential Creditors in respect of this Administration.

9. CREDITORS, PRESCRIBED PART AND DIVIDEND PROSPECTS...CONT.

9.3 Prescribed Part

Pursuant to section 176A of the Act where a floating charge is created after 14 September 2003 a prescribed part of the Company's net property shall be made available to unsecured non-preferential creditors. However, the Prescribed Part provision does not apply because there are no secured creditors.

9.4 Non-Preferential Unsecured Creditors

There are trade and expense creditors, and Crown liabilities as set out in the attached list of creditors at Appendix 2. As detailed in Section 7.2, the Creditors' claims are based on the last known position from the Company's records and the amounts disclosed should not be taken as exact or binding upon the Creditors.

9.5 Dividend Prospects

It is too early at this stage to provide a meaningful estimate of the likely level of distributions to the unsecured non-preferential creditors. However, given the level of the consideration payable for the business and assets, a small dividend is likely to be paid to unsecured creditors in due course.

Merivale/CS has indicated that it/he will pay off all creditors in full outside of the Administration process in due course. In that regard, it is apparent that the only creditors remaining in the process will be Merivale/CS.

9.6 Shareholders

A list of Shareholders at the date of Administration is appended to the ESOA. However, as detailed in Section 3.2, AJ sold her shares to HC.

Based on current information, it is not anticipated that there will be sufficient funds to enable a distribution to the Shareholders.

10. INVESTIGATION BY THE JOINT ADMINISTRATORS

The Joint Administrators will investigate and, if appropriate, pursue any claims that the Company may have under the Companies Acts 1985 and 2006 or the Act. The Joint Administrators are required, within three months of their appointment, to submit a return to the Department for Business, Energy & Industrial Strategy on the conduct of all persons, who have acted as either Directors or Shadow Directors of the Company during the period of three years ending on the date of the Joint Administrators' appointment. To facilitate the preparation of that return and our enquiries into the Company's affairs, the Joint Administrators have already invited creditors to provide them with information on any matters of concern to the creditors. An initial review of the Company's accounting records is in the process of being undertaken.

11. CREDITORS' DECISION

Under Paragraph 51(1) of Schedule B1 to the Act, the Administrators are required to seek a decision of creditors on the approval of the Administrators' proposals. Accordingly, I have enclosed with my letter to creditors Notice of a Decision Procedure by Correspondence and a voting form.

12. ENDING OF ADMINISTRATION

The options available to the Joint Administrators for the exit from the Administration are as follows:

- Compulsory Winding Up
- Creditors' Voluntary Liquidation
- Company Voluntary Arrangement
- Return of control to the Director
- Dissolution of Company (i.e. striking off the Companies House register)

The Joint Administrators recommend that the Company should move from Administration to Creditors' Voluntary Liquidation in accordance with the provisions of paragraph 83 of the Act so that the duly appointed Liquidators may adjudicate creditors' claims and pay a dividend to the unsecured creditors.

13. JOINT ADMINISTRATORS' REMUNERATION

- 13.1 As Joint Administrators, under the provisions of R18.16 of the Rules, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration is to be fixed.
- 13.2 In addition to this, where the Administrators seek to pass a resolution to agree the basis of their remuneration by reference to the time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 13.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake can be found in Appendix 4 to this report. Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration
- 13.4 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 13.5 We have now reviewed our time costs both for the period prior to our appointment and for the period in Administration from 10 October 2017 to 28 November 2017. A detailed report of our time costs is attached at Appendix 5.

14. PRE-APPOINTMENT COSTS

As stated in Appendices 4 and 5, unpaid pre-appointment costs are not part of the above Proposals subject to approval under paragraph 53. However, in accordance with Rule 3.52 of the Rules, the Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and in Appendices 4 and 5 from creditors.

15. EC REGULATION ON INSOLVENCY PROCEEDINGS

It is considered that the EC regulation applies and that these proceedings are main proceedings as defined in Article 3 of the EC Regulation as the Company was incorporated in England and the centre of main interest of the Company is in England and Wales within the United Kingdom.

16. JOINT ADMINISTRATORS' FORMAL PROPOSALS

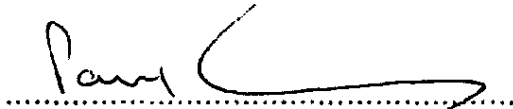
The Joint Administrators hereby make the following proposals, in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986, for the achievement of the purpose of the Administration, and creditors are asked to consider and cast their votes thereon or put forward any modifications they wish using the voting form sent to them by post:-

- i) The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the Administration ceases to have effect.
- ii) As funds may become available for unsecured creditors, the Joint Administrators may at their discretion establish in principle the claims of unsecured creditors for subsequent adjudication by a subsequent liquidator and that the costs of so doing be met as a cost of the Administration as part of the Joint Administrators' remuneration.
- iii) A creditors' committee may be formed if a creditors' meeting resolves to do so provided that three or more creditors are willing to serve on it. If the Administration moves to *Creditors' Voluntary Liquidation*, any creditors' committee which is in existence immediately before the Company ceases to be in Administration shall continue in existence after that time as if appointed as a liquidation committee under Section 101. If a committee is formed, the Administrators and the Joint Liquidators (when appointed), will consult with it from time to time on the conduct of the administration and liquidation proceedings. Where it is considered appropriate, the committee's sanction will be sought to proposed action instead of convening a meeting of all the creditors.
- iv) Should a creditors' committee be formed and the Joint Administrators consider that an extension beyond an administration's statutory duration of one year would be advantageous, the Joint Administrators will consult with the committee prior to taking the necessary steps. If a creditors' committee is not appointed, the Joint Administrators shall either apply to the court or seek a Decision of the appropriate classes of creditors for the consent to an extension.
- v) That the basis of the Joint Administrators' fees will be fixed and their Category 2 disbursements will be agreed by the creditors' committee. If no creditors committee is formed, it is proposed that under Rule 18.16 (2)(b) of the Rules, the remuneration of the Joint Administrators shall be fixed by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration and that the Joint

16. JOINT ADMINISTRATORS' FORMAL PROPOSALS...CONT.

Administrators be authorised to draw category 2 disbursements in accordance with their firm's published tariff and they be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.

- vi) That without prejudice to the provisions of Paragraphs 59 to 72 of Schedule B1 of the Act, the Joint Administrators may carry out all other acts that they consider to be incidental to the proposals above to assist in their achievement of the overriding purpose of the Administration.
- vii) The Joint Administrators take whatever other actions they deem appropriate in the interest of creditors. This includes placing the Company into liquidation if it appears that this would be in the best interests of the general body of creditors. In these circumstances it is proposed that the Joint Administrators shall become the Joint Liquidators and any act required or authorised under any enactment to be done by the Joint Liquidators may be done by either or both persons from time to time holding office. Creditors are advised that, pursuant to Paragraph 83(7)(a) and Rule 3.60(6), they may appoint different persons as the proposed Joint Liquidators, provided the nomination is made after the receipt of these proposals and before these proposals are approved.
- viii) That the Joint Administrators' liability, in respect of any action of theirs as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.



PAUL COOPER – JOINT ADMINISTRATOR

DATE: 29 NOVEMBER 2017

APPENDIX 1

STATUTORY INFORMATION

Date of incorporation:	29 June 2005
Registered number:	05494679
Registered Office:	1st Floor 26 - 28 Bedford Row London WC1R 4HE
Trading Address:	Suite 2 1 Dawes Court High Street Esher KT10 9QD
Trading Name:	ReCover
Authorised Share Capital:	1,000 ordinary shares of £1 each
Issued Share Capital:	157 ordinary shares of £1 each fully paid
Shareholders:	As per the list appended to the Statement of Affairs. NB: Annabel Jardella has now sold her shares to Helen Cardrick
Directors:	Charles Leonard Campbell Stone
Secretary:	N/a

Para 47(2)(a)
Sch B1 IA1986
R.3.30(2016)

Formerly Form 2.14B

Statement of affairs

Name of Company FLOURISH MAKE UP LIMITED T/A RECOVER	Company Number 05494679
In the HIGH COURT OF JUSTICE, CHANCERY DIVISION <small>(full name of court)</small>	Court case number 007558 of 2017

^(a) Insert name and address of registered office of the company

Statement as to the affairs of ^(a) FLOURISH MAKE UP LIMITED T/A RECOVER - IN ADMINISTRATION of 1st Floor, 26 - 28 Bedford Row, London WC1R 4HE

^(b) Insert date

on the ^(b) 10 October 2017, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at ^(b)10 October 2017 the date that the company entered Administration.

Full name: Charles Stone

Signed 

Dated 10.10.17

Flourish Make Up Limited t/a ReCover
Statement Of Affairs as at 10 October 2017

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
Fixtures, Fittings & Equipment	2,847.00	200.00
Stock/WIP	132,354.00	Uncertain
Goodwill/Dev costs/Trademarks/Database	452,724.00	Uncertain
Cash at Bank	839.00	839.00
Rent Deposit	5,900.00	1,250.00
Directors Loan Account	8,779.00	Uncertain
Website & Domain	Uncertain	Uncertain
Estimated total assets available for preferential creditors		2,289.00

Signature

[Signature]

Date

[Date]

*These amounts were the subject of
correspondence discussed at the time of
administration being entered
into.*

Flourish Make Up Limited t/a ReCover
Statement Of Affairs as at 10 October 2017

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		2,289.00
Liabilities		
Preferential Creditors:-		
		NIL
Estimated deficiency/surplus as regards preferential creditors		2,289.00
Debts secured by floating charges pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		2,289.00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		2,289.00
Debts secured by floating charges post 14 September 2003		
		NIL
Estimated deficiency/surplus of assets after floating charges		2,289.00
Estimated prescribed part of net property where applicable (brought down)		NIL
Total assets available to unsecured creditors		2,289.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	32,773.00	
Directors	546,814.00	
H.M. Revenue & Customs (P.A.Y.E.)	1,919.00	
HM Revenue & Customs (VAT)	Uncertain	
		581,506.00
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(579,217.00)
Estimated deficiency/surplus as regards creditors		(579,217.00)
Issued and called up capital		
Share Premium	353,466.00	
Ordinary Shareholders	157.00	
		353,623.00
Estimated total deficiency/surplus as regards members		(932,840.00)

Signature

[Handwritten Signature]

Date

[Handwritten Date: 10/10/17]

David Rubin & Partners
Flourish Make Up Limited v/a ReCover
B - Company Creditors

Key	Name	Address	£
CB01	Brandbalm	36 Wealden Drive, Westthampton, Chichester, West Sussex PO16 0SF	1,050.00
CC01	CBF	1 Alvin Street, Gloucester, GL1 3EJ	1,061.00
CC02	Crane & Associates Limited	1 Dawes Court, High Street, Esher, KT10 9QD	2,669.00
CD00	DHL	Customer Accounting, PO BOX 4833, Slough, SL3 3JE	80.00
CH00	James Worley & Sons	9 Bridge Close, Surbiton Road, Kingston upon Thames, Surrey, KT1 2JW	4,320.00
CH01	H and H Housekeeping	32 Elm Lane, Surbiton KT5 9PW	25.00
CH03	HM Revenue & Customs - PAYE	Customer Operations Employer, BP4009, Benlton Park View, Longbenton, Newcastle NE99 1ZZ	1,919.00
CM00	MSO Cleland Ltd	399 Castlereagh Rd, Belfast, N. Ireland, BT6 6QP	7,507.00
CN00	NLA Media Access Limited	Mount Pleasant House, Lonsdale Gardens, Tunbridge Wells, Kent TN11 1HJ	1,663.00
CP00	Peppercorn	Kemp House, 152 City Road, London EC1V 2NX	374.00
CS00	Sisal	Zi de la Grèce, BP 69, Valréas, FRANCE 84600	14,004.00
CS01	Charles Stone	7 Hilbrow, Richmond Hill, Richmond, Surrey TW10 6BH	546,614.00
12 Entries Totalling			581,508.00

371222

2012

Company name and S.N.
Mount Wells, Tunbridge Wells
Mount S. Enterprise Centre, Tunbridge Wells
Beverlywood, S.D. 6 273

74

Signature

Signature

Page 1 of 3

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13 November 2017 09:39

**David Rubin & Partners
 Flourish Make Up Limited t/a ReCover
 B1 - Company Creditors - Employees & Directors**

Key	Name	Address	Proof £	Unpaid £	Total £
0 Entries Totalling			0.00	0.00	0.00

0.00

David Rubin & Partners
 Flourish Make Up Limited t/a ReCover
 B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			0.00



**David Rubin & Partners
Flourish Make Up Limited t/a ReCover
C - Shareholders**

Key	Name	Address	Type	Nominal Value	No. Of Called Up Shares	Paid Up
HC00	Helen Cardick		Ordinary	11.00	11	11.00
HD00	Susanne Duerr		Ordinary	1.00	1	1.00
HE00	Tara Jane Easton		Ordinary	8.00	8	8.00
HH00	Daniel Heini		Ordinary	2.00	2	2.00
HJ00	Anniabel Jardeke		Ordinary	59.00	59	59.00
HM00	Charles Mulinder		Ordinary	1.00	1	1.00
HM01	Alyn Morgan		Ordinary	3.00	3	3.00
HM02	Nicholas Maggitti		Ordinary	2.00	2	2.00
HN00	Sarah Napper		Ordinary	10.00	10	10.00
HS00	Daniel Schweizer		Ordinary	4.00	4	4.00

Signature

[Handwritten Signature]

David Rubln & Partners
 Flourish Make Up Limited t/a ReCover
 C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Called Up Shares	Paid Up
HS01	Alexander Schoenenberger		Ordinary	3.00	3	3.00
HS02	Charles Stone		Ordinary	51.00	51	51.00
HW00	Mark Whittaker		Ordinary	1.00	1	1.00
HW01	Simon Wragg		Ordinary	1.00	1	1.00
14 Ordinary Entries Totalling				11.21	157	157.00

Signature



Page 2 of 2

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FLOURISH MAKE UP LIMITED t/a RECOVER - IN ADMINISTRATION
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 10 OCTOBER 2017 TO 29 NOVEMBER 2017

	<u>Estimated</u> <u>to realise</u> £	<u>Realised</u> <u>to-date</u> £
<u>Receipts</u>		
Goodwill/Development costs/Trademarks/Databas	Uncertain	4,500.00
Website & Domain	Uncertain	1,000.00
Stock and Work-in-Progress	Uncertain	16,000.00
Rent Deposit	1,250.00	2,500.00
Fixtures, Fittings & Equipment	200.00	591.67
Cash at Bank	839.00	1,439.22
Directors Loan Account - Annabel Jardella	Uncertain	Nil
Cash Held on Appointment		12,000.00
		<u>38,030.89</u>
<u>Payments</u>		
Professional Fees		8,000.00
Legal Fees		2,000.00
Agents' Fees		3,667.50
Statutory Advertising		84.60
Reimbursement		1,000.00
		<u>14,752.10</u>
<u>Receipts less Payments</u>		<u><u>23,278.79</u></u>
<u>Represented by:-</u>		
Vat Receivable		2,632.09
Current Account		20,646.70
		<u><u>23,278.79</u></u>

APPENDIX 4

FLOURISH MAKE UP LIMITED T/A RECOVER - IN ADMINISTRATION

JOINT ADMINISTRATORS' ESTIMATE OF THE COSTS FOR THE ADMINISTRATION

Creditors should be aware all Insolvency Practitioners in the UK have to comply with Statutory Regulations and best practice directives issued by the Joint Insolvency Committee and they are monitored by the Office Holders' Regulatory Body. The best practice directives are mostly set out in a series of *Statements of Insolvency Practice*, better known as SIPs and also in the Insolvency Code of Ethics which is detailed at www.icaew.com/membershandbook. You will find copies of all the SIPs on R3's website:

<https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>

R3 (also known as the Association of Business Recovery Professionals) is the trade body for the UK insolvency profession. You may also like to visit the following site launched by R3 specifically to guide creditors through the insolvency process: <http://www.creditorinsolvencyguide.co.uk>

Proposed Fee Basis

As Joint Administrators, we are seeking to agree the basis of our remuneration in respect of this case on the time properly spent by us and our staff in dealing with the affairs of the Company. We have set out in Appendices 5 and 5a, our Firm's time cost in respect of pre-appointment work and also the work carried out from appointment to 28 November 2017. We attach, at Appendix 4A, estimates of the further work which we consider will be necessary in the conduct of the administration. These estimates are provided to creditors in accordance with the requirements set out in Rule 18.16(4) of the Rules. However, please note that the Administrators' actual fees will be charged by reference to time properly spent by the Administrators and their staff in managing the Administration. If the actual time taken is less than the estimates, then only the time actually incurred will be billed and drawn.

In Appendix 4a, we have set out against each task the further time we estimate to be necessary to complete each particular task properly, analysed by different grades of staff. The estimate is intended to be viewed on a total basis and not on the basis of the individual tasks which have been provided as a guide only. It is inevitable that provisions for some tasks will be overestimated whilst others will be underestimated and, therefore, the guide should be taken as a whole. In addition, the estimate, together with the time already spent of £35,461.50 as shown in Appendix 5a, is a ceiling that is initially binding on us as Joint Administrators, but we have the right to refer back to creditors in circumstances where we consider that the time cost fees estimate will be exceeded.

If we consider that the estimate of £45,035 plus VAT is likely to be exceeded and doing so would result in better prospects of recovery for the creditors, we will seek sanction from creditors for a revised estimate and explain why we perceive there to be a benefit to the creditors of approving any increase in fees.

Our Firm's general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the task and case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

Our firm's current hourly charge-out rates applicable to this appointment, which are charged in units of 6 minutes exclusive of VAT, are as follows:

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Charge-out rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

Explanations of the Estimates

The majority of the tasks listed in Appendices 4a and 5a are self-explanatory and we do not therefore propose to elaborate on these. Creditors who require further details should feel free to contact this office. However, creditors may get a better understanding of the work and cost involved if we list out, in broad terms, the various tasks which Administrators are required to complete in order to comply with statutory requirements and Best Practice protocols as set out in Statements of Insolvency Practice ("SIPs") issued by the Joint Insolvency Committee, as follows:-

Administration (including statutory compliance & reporting)

Under insolvency legislation the Administrator must comply with certain statutory compliance requirements which may not bring any direct financial benefit to the creditors of the Company. These tasks, as applicable, consist of:

- Notifying creditors of the Administrator's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House.
- Opening, maintaining and managing the Administration estate cashbook, bank account(s).
- IPS set-up - Creation and update of case files on the firm's insolvency software which include company information, creditors, debtors and employees details.
- Securing the Company's books and records.
- Complying with statutory duties in respect of the Administrator's specific penalty bond.
- Trading as appropriate.
- Instructing valuers and agents and overseeing the sale of the business.
- Redirection of the Company's mail to the Administrator's office
- Pension regulatory reporting, auto-enrolling whilst trading and auto-enrolment cancellation.
- Completion and filing of the notice of the Company's insolvency to HMRC.
- Dealing with former employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company.
- Dealing with all post-appointment VAT and corporation tax compliance.
- Liaison with secured creditors, obtaining charge documents and validating the security.
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the liquidation
- Filing a statutory return to the Department for Business, Innovation and Skills under the CDDA.
- Preparing a paragraph 49 Report and formulating the Joint Administrators' Proposal.
- Preparing and issuing half yearly progress reports to members and creditors.
- Lodging periodic returns with the Registrar of Companies for the Administration.

- Establishing and holding periodic meetings of the Creditors' Committee and associated filing formalities (if a committee is appointed).
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter). Although these reviews are not a legal requirement, Regulatory Bodies who monitor the work of the Administrator see this task as a best practice requirement with which the Office Holder is required to comply.

Investigations

As Administrators, we are required by the Company Directors Disqualification Act 1986 to review the conduct of the Director(s) of the Company and transactions entered into prior to the Company's insolvency. The time estimated for this work is the minimum that is considered necessary in order to carry out any meaningful investigation.

SIP2 also requires that we review the Company's financial affairs in order to make an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to our request to complete an investigation questionnaire.

This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake in order to be satisfied that all assets belonging to the Company have been accounted for. Our initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and we consider that further work will be required to pursue these assets, we will refer back to creditors about the likely costs involved in pursuing such recoveries.

Realisation of assets

Matters regarding the realisation of the Company's assets have been set-out in detail throughout the Report.

Creditors (claims and distributions)

The Administrators have been dealing with all unsecured creditors' correspondence and claims as received, including any claims of creditors under retention of title.

As it appears likely that there may be a dividend payable to unsecured creditors, the Administrators will be receiving and verifying creditors' claims for adjudication by the Liquidators at a later stage. It is not possible at this stage to provide an accurate estimate of cost for this work as this is dependent upon the quality of the records and the extent of any disputed debts if any. From past experience, we have found that as an average the cost of agreeing creditors claims average out at around £100 per creditor on typical cases.

EXPENSES AND DISBURSEMENTS

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include, but are not limited to, such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be incurred in dealing with the Company's affairs. We will provide update to creditors in our future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date
Solicitor's costs in dealing with sundry matters in Administration	Gowling WLG (UK) LLP	Time costs	Uncertain
Joint Administrators' bond	Axa Insurance UK plc	At cost	£117.60
Carriage & Archiving	David Rubin & Partners	£10 per box per quarter and archiving costs	Uncertain
Staff expenses re furniture and IT	Direct cost of Administrator & their staff	At cost	Uncertain
Software analysis costs	Suave	At cost	£92

Indirect expenses ("Category 2 disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

Headed paper	25p per sheet
Photocopying	6p per sheet
Envelopes	25p each
Postage	Actual cost
Meeting room facility	£150

Storage and Archiving Charges

We use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £60 per hour.

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at HM Revenue & Customs approved rate, currently 45p per mile.

FLOURISH MAKE UP LIMITED T/A RECOVER - IN ADMINISTRATION

JOINT ADMINISTRATORS' ESTIMATE OF TIME COSTS							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00:00	01:00	05:30	00:00	06:30	1,320.00	203.08
Statutory filings, circulars, notices, etc.	02:30	03:30	07:00	00:00	13:00	3,282.50	252.50
Case planning, strategy & control	04:30	06:00	05:30	00:00	16:00	4,407.50	275.47
Taxation: PAYE, C/Tax & VAT	01:30	02:30	05:30	00:00	09:30	2,327.50	245.00
Accounting & Cashiering	00:00	00:00	02:30	06:30	09:00	1,530.00	170.00
Case reviews & Diary maintenance	02:00	03:30	09:30	00:00	15:00	3,535.00	235.67
Statutory reporting and compliance	02:30	07:30	11:30	00:00	21:30	5,232.50	243.37
Investigations							
CDDA preparation & reporting	01:00	01:30	03:30	00:00	06:00	1,500.00	250.00
SIP2 assessment and financial review	03:00	05:00	18:30	00:00	26:30	6,145.00	231.89
Antecedant transactions & wrongful trading	01:00	03:00	13:30	00:00	17:30	3,835.00	219.14
Proceedings & recoveries	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Realisation of assets							
Freehold & leasehold properties	01:00	01:30	04:00	00:00	06:30	1,610.00	247.69
Intangible assets	01:00	02:00	04:30	00:00	07:30	1,805.00	240.67
Tangible assets	01:00	02:00	03:30	00:00	06:30	1,605.00	246.92
Shares & Investments	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Book debts collection	02:00	04:00	06:30	00:00	12:30	3,120.00	249.60
Creditors & distributions							
Secured creditors	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Unsec'd Creditors: correspondence & claims	02:00	03:00	11:00	00:00	16:00	3,780.00	236.25
Preferential creditors & employees	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Retention of Title	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Creditors' Committee	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Trading							
Admin strategy and planning	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Sales and invoicing	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Purchases and expenses	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Employees and payroll	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Accounting and cashiering	00:00	00:00	00:00	00:00	00:00	0.00	0.00
Total hours and costs	25:00	46:00	112:00	06:30	189:30	45,035.00	237.65

APPENDIX 5

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

PRE-APPOINTMENT COSTS:

Statement under Rule 3.35(10) of the Insolvency Rules 1986

Unpaid pre-appointment costs as an expense of the administration is:-

- (i) Subject to approval under Rule 3.52, and
- (ii) Not part of the proposals subject to approval under paragraph 53(a) of Schedule B1.

Statement of Pre-Appointment Time Costs – Rule 3.36

By a letter of engagement between David Rubin & Partners and the Company, dated 21 September 2017, it was agreed that the sum of £8,000 plus VAT would be paid for our time costs for the assistance and advice on a prospective Administration of the Company.

The time costs we incurred between our first being consulted and the date of our appointment were £14,466.50 plus VAT for a total of 45 hours and 18 minutes. This represents an average hourly charge out rate of £319 per hour. Prior to our appointment, we were advanced a sum of £8,000 plus VAT and we have billed this amount on account. An analysis of the time spent is provided at Appendix 5a.

Overview

Our firm, David Rubin & Partners, was first consulted at the end of August 2017. Email correspondence, meetings and telephone conversations took place with the Company's Director to determine the financial position of the Company and to consider what options might be available to the Director.

The matters leading up to the appointment of the Joint Administrators and the advice provided have already been highlighted extensively in Section 4 of the Report. The issues impacting on the level of costs incurred has also been highlighted extensively.

Pre-appointment expenses

Pitmans Law also provided legal advice in the period leading up to the Administration. They were paid a fixed fee of £2,000 plus VAT for undertaking this work.

Seeking Approval for Payments

In accordance with Rule 3.52 of the Rules, we shall be seeking the approval of the Creditors Committee, if one is appointed, to our drawing of any unpaid balance of our pre-appointment time costs and the disbursement of the pre-appointment expenses as reported at Section 14 of this Report and in this Appendix. If no Committee is appointed, we will seek the approval of the Creditors.

POST-APPOINTMENT

The time costs we have incurred from the date of our appointment to 28 November 2017 amount to £35,461.50 plus VAT for a total of 163:42 hours. This represents an average hourly charge out rate of £216.62 per hour. We have not drawn any fees on account and this entire sum is outstanding. An analysis of the time spent is also provided at Appendix 5a.

Case overview

The tasks undertaken by the Joint Administrators have been highlighted extensively in Sections 6 to 10 of the Report, together with the issues affecting costs.

To view an explanatory note concerning Administrators' remuneration approved by the Joint Insolvency Committee, please visit the Publications folder on our website www.drpartners.com/cases, using the following log-on details:

USERNAME: F969@drco.co.uk

PASSWORD: 969Fas*!

Alternatively, please contact this office to arrange for a copy to be sent to you.

Provision of further information

Within 21 days of receipt of this progress report, creditors may request the Administrators to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. Further details are set out at paragraph 9.2 and 9.3 of the Creditors' Guide to Administrators' Fees by following the URL link provided above.

FLOURISH MAKE UP LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' PRE-APPOINTMENT TIME COSTS							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Administration, Strategy and Planning							
IPS set up & maintenance	00:00	00:00	03:00	00:00	03:00	390.00	130.00
Case planning, strategy & control	23:00	14:18	04:12	00:00	41:30	13,948.50	336.11
Accounting & Cashiering	00:00	00:00	00:00	00:48	00:48	128.00	160.00
Total hours and costs	23:00	14:18	07:12	00:48	45:18	14,466.50	319.35

JOINT ADMINISTRATORS' TIME COSTS							
FOR THE PERIOD 10 OCTOBER 2017 TO 28 NOVEMBER 2017							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00:00	00:00	02:42	00:00	02:42	351.00	130.00
Statutory filings, circulars, notices, etc.	05:30	04:00	10:18	00:00	19:48	4,691.50	236.94
Case planning, strategy & control	00:00	00:30	00:54	00:00	01:24	291.50	208.21
Taxation: PAYE, C/Tax & VAT	00:00	00:00	01:06	00:00	01:06	143.00	130.00
Accounting & Cashiering	00:00	00:00	00:00	01:00	01:00	156.00	156.00
Case reviews & Diary maintenance	00:00	00:18	07:00	00:00	07:18	998.50	136.78
Statutory reporting and compliance	00:00	12:48	18:48	00:00	31:36	6,565.00	207.75
Investigations							
SIP2 assessment and financial review	00:00	00:12	39:12	00:00	39:24	6,576.00	166.90
Realisation of assets							
Freehold & leasehold properties	00:00	00:42	00:00	00:00	00:42	206.50	295.00
Tangible assets	04:30	11:30	20:24	00:00	36:24	8,069.00	221.68
Creditors							
Unsec'd Creditors: correspondence & claims	00:00	01:00	02:48	00:00	03:48	686.00	180.53
Shareholders Enquiries/Correspondence	16:00	00:30	02:00	00:00	18:30	6,727.50	363.65
Total hours and costs	26:00	31:30	105:12	01:00	163:42	35,461.50	216.62