

Rule 1.26A/1.54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress Report

Pursuant to Rule 1.26A(4)(a) or
Rule 1.54 of the
Insolvency Rules 1986

R.1.26A(4)(a)/
R.1.54

For Official Use

To the Registrar of Companies

Company Number

03896525

Name of Company

Aard-Balm Ltd

I / We
Freddy Khalastchi FCA FABRP
2 Sovereign Quay
Havannah Street
Cardiff
CF10 5SF

Martin John Atkins FCA CTA FABRP
2 Mountview Court
310 Friern Barnet Lane
Whetstone
London
N20 0YZ

supervisor(s) of a voluntary arrangement taking effect on

28 March 2013

Attach my progress report for the period

28 March 2013

to

27 March 2014

Number of continuation sheets (if any) attached

Signed

Date

23/5/14

Harris Lipman LLP
2 Sovereign Quay
Havannah Street
Cardiff
CF10 5SF

Ref A3370/FXK/MJA/RHL

For Official Use

Insolvency Section

Post Room

WEDNESDAY



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28/05/2014

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COMPANIES HOUSE

**Voluntary Arrangement of
Aard-Balm Ltd
Joint Supervisors' Trading Account**

Statement of Affairs	From 28/03/2013 To 27/03/2014
POST APPOINTMENT SALES Sales	<u>17 61</u> 17 61
TRADING SURPLUS/(DEFICIT)	<u>17 61</u>

Voluntary Arrangement of Aard-Balm Ltd

Statement of Affairs		From 28/03/2013 To 27/03/2014
	GENERAL FIXED CHARGE	
48,000 00	Intellectual Property Rights	49,999 00
1 00	Shares in Aard-Balm USA Inc	1 00
(239,333 37)	Abaris Holdings Ltd & Apostrophe Ltd	(50,000 00)
		<u>NIL</u>
	ASSET REALISATIONS	
NIL	Office Equipment	NIL
	Cash at Bank	500 00
	Trading Surplus/(Deficit)	17 61
		<u>517 61</u>
	COST OF REALISATIONS	
	Accountancy Fees	300 00
		<u>(300 00)</u>
	PREFERENTIAL CREDITORS	
(5,404 05)	Employees Wages & Holiday Pay	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(73,619 33)	Trade & Expense Creditors	NIL
(19,427 01)	Employees Unsecured Claims	NIL
(15,000 00)	HM Revenue and Customs - PAYE &	NIL
(279,942 95)	Loan Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(157 98)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(584,883 69)</u>		<u><u>217 61</u></u>
	REPRESENTED BY	
	Trade Debtors	21 14
	Brown Shipley - Floating Account	137 42
	Vat Control Account	59 05
		<u>217 61</u>

our ref
your ref
date
please reply to

FXK/MJA/RHL/A3370
23 May 2014
Rachel Lai

HARRIS
LIPMAN

2 Mountview Court
310 Friern Barnet Lane
Whetstone London N20 0YZ
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TO ALL MEMBERS AND CREDITORS

Dear Sirs

AARD-BALM LTD - UNDER A VOLUNTARY ARRANGEMENT

This is the Joint Supervisors' first annual progress report ("the report") for the year ended 27 March 2014

This report should be read in conjunction with the directors' proposals for the Company Voluntary Arrangement, which were approved by meetings of the creditors and members of the company held on 28 March 2013

Martin John Atkins FCA CTA FABRP and myself, of Harris Lipman LLP, 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London, N20 0YZ were appointed Joint Supervisors of the company by the above meetings

1. Progress of the Arrangement during the period of this report

Sale of assets

The assets of the company comprising membership of the Iodine Registration Group (IRG), patents for the PVP-Iodine product, rights to the IQa product, shares in Aard-Balm USA Inc and office equipment were sold to Safeearth Ltd for a total of £50,000. In accordance with the proposals, this sum was paid to Abaris Holdings Limited and Apostrophe Limited under their fixed charge over the company

Cash at bank

We collected £500 cash at bank being held on behalf of the company by Safeearth following sale of stock by the company to Safeearth prior to the commencement of the Arrangement

Contributions into the Voluntary Arrangement

The proposals stated that Safeearth Limited would make contributions as follows

- a 15% of income generated from the IRG during the three years commencing on 1 January 2013,
- b 4% of turnover generated from the sale of PVP-Iodine product, and
- c 4% of turnover generated from the sale of IQa product

The contributions are due to be paid following the quarter in which the income was generated by Safeearth

There was no income from the IRG or the sale of PVP-Iodine product received by Safeearth during 2013

Safeearth achieved sales of £440 35 of IQa product during 2013 4% of these sales, being £17 61 plus VAT were invoiced by the company and are due into the estate The sums have not been paid by Safeearth as they are to be deducted from payments to be made by Safeearth on behalf of the company in relation to accountancy fees

This is compared to £6,117 58 anticipated to be received into the Arrangement from product sales during 2013 in accordance with the cash flow forecast incorporated into the proposals

Administrative matters

In addition to the work undertaken referred to above, throughout the period of our administration we have responded to the queries of creditors and shareholders and noted creditor claims We have assisted shareholders in the transfer of their shareholdings in the company

We have also assisted the company in arranging for its accounts and tax returns to be submitted up to date

Certain of the above tasks were not anticipated at the time of preparation of the proposals The sole remaining director of the company has spent a large amount of time out of the country and therefore we agreed to assist in these matters It is important that the company submits statutory returns in order to comply with the proposals

Additionally, we have complied with obligations imposed by statute and our regulatory bodies which include, but are not limited to, the submission of returns to Companies House, HM Revenue and Customs and specific penalty bonding

2. Abstract of the Joint Supervisors' receipts and payments

I attach at Appendix 3 an abstract of our receipts and payments for the period of this report

Please note that all items detailed on the receipts and payments account are shown net of VAT as the company was registered for VAT and the VAT can therefore be recovered for the benefit of the Arrangement

I also attach an abstract of the trading account for your attention, which records the sales of £17 61 as described above

3. Joint Supervisors' remuneration

In accordance with the proposals, fees of £8,000 have been charged by us for assisting in the preparation of the proposals and acting as Joint Nominees. Of this, £2,500 was paid by the company prior to our appointment. The remaining £5,500 remains outstanding and will be paid once there are sufficient funds available in the Arrangement, in accordance with the terms of the proposals.

Our remuneration as Joint Supervisors was fixed by the proposals on the basis of time properly incurred in the administration of the arrangement at the Joint Supervisors' standard charge-out rates applicable at the time.

For creditor's information, the charge out value of time costs incurred during the period to which this report relates amounts to £13,019 50 made up of 49 27 hours at an average charge out rate of £264 25 per hour.

This cost has primarily been incurred in the administration of the Arrangement as explained above. It is higher than expected due to work being carried out which was not originally envisaged and which would ordinarily be carried out by the company.

I attach at Appendix 1 a breakdown of the time costs between the grades of staff allocated to this case, which includes details of the current charge out rates of ourselves and our team who have been and will be dealing with the Company Voluntary Arrangement.

No Joint Supervisors' fees have been drawn from the funds held in the Arrangement during the period under review, due to a lack of funds available.

A copy of "A Creditors' Guide to Supervisors' Fees", issued by the Association of Business Recovery Professionals, which sets out the basis of fixing the Liquidator's Remuneration, is available on our website at

<http://www.harris-lipman.co.uk/resources/r3-insolvency-guides/>

You should then choose the appropriate creditor guide for the type of appointment after 6 April 2010.

Please let me know if you do not have access to the internet and would prefer a hard-copy of this guide.

4. Joint Supervisors' expenses

The only expenses paid from the Arrangement are the accountancy fees for bringing the company's accounts and tax returns up to date.

There have also been expenses incurred of £150 relating to the specific penalty bond for the case, which is a statutory requirement. Due to the minimal funds available, this has not yet been recharged to the Arrangement, but will be in due course.

A statement with regard to our disbursements recovery policy is attached at Appendix 2.

5. Outcome for creditors

Claims of £461,989.96 have been received from unsecured creditors to date, of which £2,881.06 is preferential, the remainder being non-preferential. However, employee claims over and above those paid by the Redundancy Payments Service have not yet been calculated, so these figures are subject to change.

There are currently insufficient funds in hand to declare a dividend to any class of creditor.

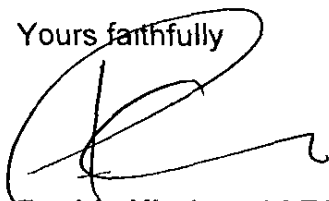
It is hoped that significant income will be generated from the IRG and product sales in the next year, enabling greater contributions to be made into the Arrangement and achieving the proposed distribution to creditors. However, it is currently uncertain as to whether this can be achieved.

6. Next report

We are required to provide a further progress report within two months of the end of the next anniversary of the Arrangement.

Should you have any further queries in relation to the contents of this report, or with regard to other matters arising, please do not hesitate to contact us.

Yours faithfully



Freddy Khalastchi FCA FABRP

Licensed as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Joint Supervisor

APPENDIX I

HOURS

CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS 2013

CURRENT CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS

Partner	380-545
Senior Manager	320
Manager	275
Senior	220
Semi-Senior	165
Junior	110
Support Staff	52

Note 2 It is the policy of this firm to account for secretarial staff as an overhead cost. Overhead costs are reflected in the charge out rates detailed above. Promotions through the various grades during the period of the administration are recorded in the minutes.

Note 3 The charge-out rate of the Insolvency Practitioner for this assignment is currently £490 per hour, and the administrator is £275 per hour.

Note 4 Time is recorded in minimum units of 6 minutes.

APPENDIX 2

DISBURSEMENTS RECOVERY POLICY

All disbursements are shown as net of VAT. As the company was registered for VAT purposes VAT can be recovered for the benefit of the insolvent estate.

Category 1 Disbursements

Specific expenditure relating to the administration of the estate and payable to an independent third party is recoverable in accordance with the terms of the proposals. Such expenditure is made if funds are available from the estate. If funds are not available then payment is made from this firm's office account and reimbursed from the estate should funds become available.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include legal fees, agents' fees, statutory advertising, insurance of assets, search fees, specific penalty bonding, telephone calls, postage, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 Disbursements

Expenditure incidental to the administration of the insolvent estate, which by its nature includes an element of shared or allocated cost is recoverable with creditor approval.

No Category 2 disbursements will be charged to the Arrangement.

Appendix 3
Voluntary Arrangement of
Aard-Balm Ltd
Joint Supervisors' Trading Account

Statement of Affairs	From 28/03/2013 To 27/03/2014	From 28/03/2013 To 27/03/2014
POST APPOINTMENT SALES		
Sales	17 61	17 61
	<u>17 61</u>	<u>17 61</u>
TRADING SURPLUS/(DEFICIT)	<u>17 61</u>	<u>17.61</u>

Appendix 3
Voluntary Arrangement of
Aard-Balm Ltd

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		NIL	NIL
	ASSET REALISATIONS		
NIL	Office Equipment	NIL	NIL
	Cash at Bank	500 00	500 00
	Trading Surplus/(Deficit)	17 61	17 61
		517 61	517 61
	COST OF REALISATIONS		
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		(300 00)	(300 00)
	PREFERENTIAL CREDITORS		
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		NIL	NIL
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(157 98)	Ordinary Shareholders	NIL	NIL
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	Brown Shipley - Floating Account		137 42
	Vat Control Account		59 05
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