

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company New Glow Urban Spa Limited	Company number 07224557
In the High Court of Justice, Chancery Division (full name of court)	Court Case Number 4748 of 2011

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

We (a) Cameron Gunn and Mark Supperstone of  
ReSolve Partners LLP  
One America Square  
Crosswall  
London  
EC3N 2LB

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

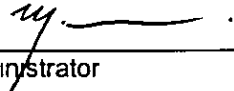
A copy of these proposals was sent to all known creditors on

\* Delete as appropriate

(b) Insert date

(b) 22 July 2010

Signed

  
Joint Administrator

Dated

22 July 2011

**Contact Details**

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

ReSolve Partners LLP  
One America Square  
Crosswall  
London  
EC3N 2LB

Tel 0207 702 9775

SATURDAY



A42

\*AR3VQW2N\*

23/07/2011

256

COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of  
Companies at

Companies House, Crown Way, Cardiff CF14 3UZ  
Cardiff

DX 33050



**New Glow Urban Spa (Holdings) Limited (NGUSH)  
New Glow Urban Spa Limited (NGUS)  
Panakeia Limited (Panakeia)  
all in Administration (the Companies)**

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



<b>Names of Administrators:</b>	Cameron Gunn Mark Supperstone
<b>Address of Administrators:</b>	ReSolve Partners LLP One America Square Crosswall London EC3N 2LB
<b>Date of appointments:</b>	1 June 2011
<b>Date of report:</b>	22 July 2011
<b>Appointed by:</b>	Director of the Companies
<b>Court:</b>	High Court of Justice, Chancery Division, London
<b>Court references.</b>	NGUSH - 4731 of 2011 NGUS - 4748 of 2011 Panakeia - 4746 of 2011



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COMPANIES HOUSE



## 1 INTRODUCTION

1.1 On 1 June 2011, Mark Supperstone and I of ReSolve Partners LLP, were appointed Joint Administrators of New Glow Urban Spa (Holdings) Limited, New Glow Urban Spa Limited and Panakeia Limited (the Companies) by the High Court, London. This was following an Administration Application being made by the director in respect of NGUSH and the shareholder/companies in respect of NGUS and Panakeia, pursuant to Paragraph 12 of Schedule B1 of the Insolvency Act 1986 (the Act).

1.2 This report to creditors and the proposals enclosed together set out the information required by, and to discharge our duties pursuant to, Paragraph 49 of Schedule B1 of the Act and Rule 2.33(1) and (2) of the Insolvency Rules 1986 (as amended) (the Rules). It should also be read in conjunction with the first letter to creditors dated 7 June 2011, a copy of which is available upon request.

## 2 BACKGROUND AND EVENTS LEADING UP TO THE APPOINTMENT OF ADMINISTRATORS

### 2.1 Company background

2.1.1 The business was founded three years ago by therapist Philip Davies, and the Companies were incorporated as a vehicle to acquire Mr Davies' business. The acquisition completed on 16 April 2010. As a result, Mr Davies became a 35% shareholder of NGUSH, with the remaining 65% being held by Cogn8 Limited, a company owned and controlled by the Companies' director, Sara Pearson.

2.1.2 The Companies offered luxury day spas, yoga sessions, products and treatments and traded from leasehold salons located in Knightsbridge and Belgravia. At the time of appointment all trading was conducted by NGUSH. The leasehold interests, however, were held by Cogn8 Limited. It should be noted Cogn8 Limited is not in any form of insolvency process.

2.1.3 We were advised that the acquisition included a commitment by NGUSH to pay certain of Mr Davies' personal business liabilities including c£23,000 owed to HMRC. However NGUSH failed to generate sufficient cash in its first year of trading to be able to pay these legacy liabilities and meet its own obligations including an HMRC liability of c£100,000.

2.1.4 A summary of the statutory information in relation to the Company is attached at **Appendix I**.

### 2.2 Summary of trading position

2.2.1 A summary of NGUSH's recent trading is detailed in Figure 1.1 below.

**Figure 1.1 - Summary of trading position**

Balance sheet	31-Mar-11 Mgmt £	Profit and loss	31-Mar-11 Mgmt £
Fixed assets	2,325	Revenue	860,691
Current assets	59,741	Cost of sales	(135,975)
<b>Total assets</b>	<b>62,066</b>	<b>Gross profit</b>	<b>724,716</b>
Current liabilities	(251,584)	Overheads	(916,334)
<b>Net current assets</b>	<b>(189,518)</b>	<b>Net profit/(loss) before interest and tax</b>	<b>(191,618)</b>
Long term liabilities	-	Interest received	-
<b>Net assets/(liabilities)</b>	<b>(189,518)</b>	<b>Net profit/(loss) after interest and before tax</b>	<b>(191,618)</b>
		<i>Source: Companies' Management</i>	
<b>Capital and reserves</b>			
Ordinary share capital	1,890		
Preference share capital	210		
Profit/(loss) to date	(191,618)		
<b>Shareholder funds</b>	<b>(189,518)</b>		
<i>Source: Companies' Management</i>			



2 2 2 It should be noted that NGUS and Panakeia were dormant entities

**2 3 *Reasons attributable to the Company's failure***

2 3 1 Following the end of the first years trading, projected forecasts had not been met and NGUSH was unable to meet its payments as they fell due

2 3 2 Accordingly, the Director sought professional advice regarding the Companies options, resulting in the appointment of Administrators on 1 June 2011 following an accelerated marketing campaign to identify a buyer for the business and assets

**3 THE STATUTORY OBJECTIVES OF ADMINISTRATION**

3 1 Pursuant to paragraph three of Schedule B1 of the Insolvency Act 1986, an administrator must perform his functions with the objective of either

- a) rescuing the Companies as a going concern, or
- b) achieving a better result for the Companies creditors as a whole than would be likely if the Companies were to be 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

3 2 The objective in this instance was to achieve a better result for the Companies creditors as a whole than would be likely if the Companies were to be wound up (without first being in administration) (objective (b) above) We believe that we have achieved this objective due to the sale of assets as highlighted later in this report

**4 PROGRESS OF THE ADMINISTRATIONS TO DATE**

**4 1 *The Joint Administrators' post appointment actions***

4 1 1 The three options that I considered post appointment were as follows

- i) Concluding the limited marketing exercise with a view to selling the business and/or assets shortly after appointment
- ii) Trading the business in order to effect a sale over a longer timescale with the hope of receiving an improved offer, and
- iii) Trading the business in order to affect an orderly wind down

4 1 2 I had serious reservations about continuing to trade the business in administration for the following reasons

4 1 2 1 The Companies held no lease at the trading premises and were in situ on an informal basis The ultimate leaseholder may not have granted access to the premises which would have resulted in trading ceasing immediately

4 1 2 2 There was no certainty that the Companies could be traded at a profit and there was a low level of asset cover to support any potential trading loss and/or the costs of supervising trading

4 1 2 3 The offer that had been received would most likely have been withdrawn were a sale not completed shortly post appointment



4 1 2 4 Given the low level of interest received during the marketing process it was considered unlikely that further offers would be forthcoming should the Companies be traded for a period in administration, and

4 1 2 5 The Companies staff/sub-contractors were crucial to the business and any continued uncertainty in relation to their employment may have left them vulnerable to being poached by competitors. This may have significantly impacted upon the realisable value of the goodwill and other assets

4 1 3 It was therefore concluded that it was not viable to trade the business in administration and that based upon an analysis of the estimated outcomes of the various alternatives it was apparent that option one (above) produced the best expected result for creditors

## 4 2 **Sale of the business**

4 2 1 Pursuant to Statement of Insolvency Practice 13, I set out below the terms of the sale to Redside Trading Limited (RTL) as follows

- The sale to RTL completed on 1 June 2011
- The assets and the apportionment of the sale consideration are as follows

<b>Assets</b>	<b>Amount (£)</b>
Goodwill, Fixed Assets, Moveable Assets, Stock, Contracts, Intellectual Property Rights, Transferred Records	33,500
Less 75% Prepaid and unused gift cards and vouchers	(14,250)
<b>Total</b>	<b>19,250</b>

- The sale consideration was payable upon completion of the transaction
- All funds from the sale consideration are due to NGUSH, and
- RTL is a connected party by way of Ms Sara Pearson's common directorship with both the Companies and RTL

4 2 2 I provided a detailed commentary regarding the sale of the business and assets in my previous report to creditors in respect of Statement of Insolvency Practice 16. I therefore do not intend to cover this again

## 4 3 **Book Debts**

4 3 1 I would advise that debtors totalling £75 have been received. No further realisations are expected in this matter

## 4 4 **Cash at Bank**

4 4 1 According to the Companies director NGUSH bank account held a credit balance. I have written to the NGUSH bankers requesting that the balance be remitted to me



**5 STATEMENT OF AFFAIRS**

- 5 1 In accordance with Paragraph 47 of Schedule B1 to the Act, I have requested that the Director provide us with a Statement of the Affairs (SofA) of the Companies
- 5 2 The director submitted SofA's for all Companies which were sent to Companies House on 6 July 2011

**6 RECEIPTS AND PAYMENTS**

- 6 1 A receipts and payments account for the Companies is enclosed at **Appendix II** for your information

**7 DIVIDEND PROSPECTS**

**7 1 *Dividend to preferential creditors***

- 7 1 1 Based on present information, we are not expected to receive any preferential claims due to the transfer of the employees, under TUPE, as a result of the sale of the Companies business and assets as a going concern

**7 2 *General dividend to unsecured creditors***

- 7 2 1 I do not anticipate there being sufficient realisations to facilitate a distribution to unsecured creditors of the Companies after associated costs of the Administration

- 7 3 In the event that this situation changes I will of course notify creditors accordingly

**7 4 *The Prescribed Part***

- 7 4 1 Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003 a "Prescribed Part" of a company's net property shall be made available to unsecured creditors. The Prescribed Part is calculated at 50 per cent of net realisations up to £10,000 and 20 per cent of the property that exceeds this amount up to a limit of £600,000
- 7 4 2 In respect of the Companies, there is no relevant charge registered therefore I am not required to set aside a "Prescribed Part" fund

**8 EC REGULATION**

- 8 1 EC Regulations apply and these proceedings are main proceedings as defined in Article Three of the EC Regulation. The centre of main interest of the Companies is in England within the EC

**9 JOINT ADMINISTRATORS' REMUNERATION**

- 9 1 Our firm was paid £10,000 plus VAT in respect of work carried out prior to the Administration. The funds were made available by NGUSH and Congn8 Limited
- 9 2 In accordance with Rule 2.106 of the Insolvency (Amendment) Rules 2003, it is proposed that the basis upon which our remuneration should be fixed post appointment be by reference to the time properly spent by us and our staff in attending to matters arising in the Administrations
- 9 3 Our firm's total time costs for the period 1 June 2011 to 15 July 2011 in respect of the Administrations of the Companies totals £12,722.50. A breakdown of the time costs for each Company is set out at **Appendix III**, and a Creditor's Guide to Administrators' Fees in accordance with Statement of Insolvency Practice 9 is reproduced at **Appendix IV**



**10 JOINT ADMINISTRATORS' PROPOSALS**

- 10 1 Pursuant to Paragraph 49 of Schedule B1 of the Act, enclosed with this report at **Appendix V** are our proposals for achieving the purpose of the Administrations

**11 CREDITORS' MEETING**

- 11 1 It is the intention of the Administrators to hold the initial creditors' meeting pursuant to paragraph 51 of schedule B1 of the Act through correspondence in accordance with paragraph 58 of schedule B1 of the Act
- 11 2 We have enclosed Forms 2 25B notice of conduct of business by correspondence at **Appendix VI**
- 11 3 Form 2 25B, together with the attached proof of debt form at **Appendix VII**, should be returned to our office no later than 12 noon on 9 August 2011
- 11 4 This meeting by correspondence is to consider and approve (or otherwise) the Administrators' proposals. Creditors may cause the Administrator to summon an actual creditors meeting provided that
- 11 4 1 At least ten per cent of the creditors, measured against the Company's total debts, request a meeting, and
- 11 5 The request is made on Form 2 21B (available upon request) and made within 12 days of the date of this document. It must also include a list of the creditors concurring with the request, showing the amounts of their respective debts, and confirmation of concurrence
- 11 6 Please note that those rules dictate that the expenses of summoning and holding the meeting shall be paid by that creditor(s), in advance of the meeting, although the meeting may resolve that the costs are refundable to the creditor(s) who requisition the meeting, provided that there are sufficient funds to do so

**12 JOINT ADMINISTRATORS' INVESTIGATIONS**

- 12 1 Under the insolvency legislation, we have a duty to consider the conduct of those who have been directors of the Companies at any time within three years preceding the Administrations. We are also required to consider whether any civil proceedings should be taken. Please advise us if there is any matter which you believe we should be made aware of when considering the Directors' conduct
- 12 2 Please note that this request for any information forms part of the Joint Administrators' normal investigation proceedings and does not imply any wrong doing

**13 END OF THE ADMINISTRATION**

- 13 1 The options available to exit the Administration are
- (a) Petition the Court to have the Companies compulsorily wound up
  - (b) File the necessary documentation to have the Companies placed into Creditors' Voluntary Liquidation (CVL)
  - (c) Call a meeting of creditors to place the Companies into a Company Voluntary Arrangement
  - (d) Return control of the Companies to its Directors, or
  - (e) Apply to have the Companies dissolved (i.e. struck off at Companies House)



- 13 2 As stated earlier, I do not anticipate a distribution to unsecured creditors, therefore, I would suggest that the likely exit is (e) dissolution
- 13 3 In accordance with Rule 2 33(2) (m), and upon completion of the finalisation of the Joint Administrators' investigation into the affairs of the Companies, we will seek our discharge by lodging a Final Notice to the Registrar of Companies. The Companies will subsequently be dissolved three months after the aforementioned notice is received by the Registrar, unless challenged
- 13 4 In the eventuality, however, that matters are identified during the course of our investigations which specifically warrant the appointment of a Liquidator then we will seek to place one or more of the Companies into Creditors' Voluntary Liquidation with Cameron Gunn and Mark Supperstone being appointed Joint Liquidators
- 13 5 Enclosed with this report are the Joint Administrators' Proposals, which include at proposal (b) that Cameron Gunn and Mark Supperstone of ReSolve Partners LLP be the proposed Joint Liquidators of the Companies. The proposals also contain powers to adopt alternative options should events render them more appropriate
- 14 OTHER MATTERS**
- 14 1 Should any creditor have any information concerning the Companies affairs which they would like to bring to our attention, please do so in writing to Nathan May of ReSolve Partners LLP, One America Square, Crosswall, London, EC3N 2LB

Yours faithfully  
For and on behalf of  
New Glow Urban Spa (Holdings) Limited  
New Glow Urban Spa Limited  
Panakeia Limited

  
Cameron Gunn  
Joint Administrator

*For enquiries regarding this correspondence please contact*

Contact name Nathan May  
Phone number 020 3326 8579  
Email [nathan.may@resolvegroupuk.com](mailto:nathan.may@resolvegroupuk.com)

The affairs, business and property of the Company are being managed by the joint administrators

Partners 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 and Mark Supperstone are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales

ReSolve Partners LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities



**APPENDIX I**

**SUMMARY OF STATUTORY INFORMATION**

**NEW GLOW URBAN SPA (HOLDINGS) LIMITED  
NEW GLOW URBAN SPA LIMITED  
PANAKEIA LIMITED  
ALL IN ADMINISTRATION**

Company Names	New Glow Urban Spa (Holdings) Limited New Glow Urban Spa Limited Panakeia Limited		
Previous Names	None		
Company Numbers	NGUSH	07216939	
	NGUS	07224557	
	Panakeia	07214237	
Dates of Incorporation	NGUSH	8 April 2010	
	NGUS	15 April 2010	
	Panakeia	7 April 2010	
Trading Addresses	8 Motcomb Street, Knightsbridge, London SW1X 8JU  44 Pimlico Road, Belgravia, London, SW1W 8LP		
Registered Offices	c/o ReSolve Partners LLP One America Square Crosswall London, EC3N 2LB		
Principal Activities	Other business activities		
<b>Appointment details</b>			
Date of Appointments	1 June 2011		
Appointment made by	High Court of Justice		
Court Address	High Court of Justice, Chancery Division, Companies Court, London		
Court References	NGUSH	4731 of 2011	
	NGUS	4748 of 2011	
	Panakeia	4746 of 2011	
Administrators Appointed	Cameron Gunn	IP Number	9362
	Mark Supperstone	IP Number	9734
Paragraph 100(2) statement	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone		



**Directors and Shareholders - NGUSH**

Company Directors Sara Pearson

Company Secretary -

**Shareholders**

Cong8 Limited	1,155
Philip James Davies	735
Kirstie Aston	210

**Directors and Shareholders - NGUS**

Company Directors Sara Pearson  
New Glow Urban Spa (Holdings) Limited

Company Secretary -

**Shareholders:**

New Glow Urban Spa (Holdings) Limited	1
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**Directors and Shareholders – Panakeia**

Company Directors Sara Pearson

Company Secretary -

**Shareholders**

New Glow Urban Spa (Holdings) Limited	1
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APPENDIX II

RECEIPTS AND PAYMENTS ACCOUNTS

*New Glow Urban Spa (Holdings) Limited*

SUMMARY OF JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS  
FROM 1 JUNE 2011 TO 22 JULY 2011

	Estimated to Realise - Director's Statement of Affairs	01-Jun-11 To 22-Jul-11	Total Receipts/ Payments To Date
<b>RECEIPTS</b>	£		£
Sale of Business and Assets	19,250.00	19,250 00	19,250 00
Cash at Bank	Uncertain	-	-
Book Debts	Nil	75 00	75 00
	Nil	19,325 00	19,325 00
<b>PAYMENTS</b>			
		-	-
Balance (Receipts less Payments)			19,325 00
			19,325 00

Cameron Gunn  
Joint Administrator  
22 July 2011



New Glow Urban Spa (Holdings) Limited  
 New Glow Urban Spa Limited  
 Panakeia Limited  
 all in Administration  
 Proposals  
 22 July 2011

**New Glow Urban Spa Limited**

**SUMMARY OF JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS  
 FROM 1 JUNE 2011 TO 22 JULY 2011**

	Estimated to Realise Director's Statement of Affairs	01-Jun-11 To 22-Jul-11	Total Receipts/ Payments To Date
<b>RECEIPTS</b>	£		£
	Nil	-	-
<b>PAYMENTS</b>			
		-	-
<b>Balance (Receipts less Payments)</b>			-
			-

Cameron Gunn  
 Joint Administrator  
 22 July 2011



**Panakeia Limited**

**SUMMARY OF JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS  
 FROM 1 JUNE 2011 TO 22 JULY 2011**

	Estimated to Realise Director's Statement of Affairs	01-Jun-11 To 22-Jul-11	Total Receipts/ Payments To Date
RECEIPTS	£		£
	Nil	-	-
PAYMENTS			
		-	-
Balance (Receipts less Payments)			-
			-

Cameron Gunn  
 Joint Administrator  
 22 July 2011



## APPENDIX III

### ADMINISTRATOR'S TIME COST SUMMARY

#### Office Holder Remuneration

Case Names	New Glow Urban Spa (Holdings) Limited New Glow Urban Spa Limited Panakeia Limited
Court	High Court of Justice, Chancery Division, London
Court references	NGUSH      4731 of 2011 NGUS        4748 of 2011 Panakeia    4746 of 2011
Office Holder	Cameron Gunn - IP Number 9362 Mark Supperstone - IP Number 9734  Both of whom are licensed by the Institute of Chartered Accountants in England and Wales
Firm	ReSolve Partners LLP
Address	One America Square Crosswall London, EC3N 2LB
Type of Appointments	Administration
Date of Appointments	1 June 2011

#### 1 Overview of Case

##### 1.1 Appointment

The Joint Administrators were appointed to the Companies on 1 June 2011 following the filing of Administration Applications being made to the High Court by either the Companies or their Director Please see the main body of this report

##### 1.2 Strategy

Please see main body of the report

##### 1.3 Staffing

Staff have been used on the assignment based upon previous knowledge and experience

##### 1.4 Existing fee arrangements

There have been no resolutions to date It should however be noted that the sum of £10,000 plus VAT was paid in respect of pre-appointment duties

##### 1.5 Anticipated return to creditors

Please see main body of the report



## 2 Explanation of office-holder's charging and disbursement recovery policies

### 2.1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates, covering the whole period, are outlined below.

	To 30 June 2011 £	From 1 July 2011 £
Licensed Insolvency Practitioner	405	435
Partner	350	375
Director	325	345
Manager	275	305
Assistant Manager	225	275
Senior Administrator	190	225
Administrator	140	160
Junior Administrator	100	125

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

### 2.2 Disbursements recovery

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling, postage, photocopying, statutory advertising and other expenses made on behalf of the assignment. Details of such disbursements are included later in this report.

Indirect charges (Category 2 disbursements) are charged as follows:

- Photocopying                      20 pence per sheet
- Faxes/telephone/room hire    £150 per annum
- Postage                            Typical 1<sup>st</sup>/2<sup>nd</sup> class postage rates at the date of postage

## 3 Description of work carried out

Section four of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

### 3.1 Statutory duties

Dealing with statutory issues required under the Insolvency Act 1986 and the Statements of Insolvency Practice, including reporting to members and creditors and filing documents with the Registrar of Companies.

### 3.2 Administration and planning

The following activities have been undertaken:

- Notification of the appointment to creditors, members, employees and other interested parties
- Setting up case files
- Reviewing available information to determine appropriate strategies, and
- Setting up and maintaining bank accounts and other cashier activities



### 3.3 Investigations

Time spent in completing my statutory investigations into the Companies and the affairs of their directors prior to the Administrations

### 3.4 Realisation of assets

Please see the main body of the report for details on the assets realised

### 3.5 Creditors

The time spent includes the following matters

- Recording and maintaining the lists of creditors
- Dealing with employee related matters
- Recording creditor claims, and
- Dealing with creditor queries

## 4 Time and charge out summary

### *New Glow Urban Spa (Holdings) Limited*

To date a total of 47 50 hours have been spent for the period 1 June 2011 to 15 July 2011 at an average charge out rate of £233 98 bringing the total cost to date to £11,114

A summary table is shown below

#### *New Glow Urban Spa (Holdings) Limited*

#### *Timecost Summary for the period 1 June 2011 to 15 July 2011*

Task	Licensed Insolvency Practitioner	Director	Assistant Manager	Senior Administrator	Junior Administrator	Total hours	Total cost (£)	Average hourly rate (£)
Administration and Planning	-	10 00	2 60	16 00	-	28 60	7,005 00	244 93
Asset Realisations	3 00	-	-	0 60	-	3 60	1,329 00	369 17
Creditors	1 00	-	-	5 70	3 80	10 50	1,868 00	177 90
Investigations	-	-	-	0 30	-	0 30	57 00	190 00
Statutory	-	-	-	4 50	-	4 50	855 00	190 00
<b>Total hours</b>	<b>4 00</b>	<b>10 00</b>	<b>2 60</b>	<b>27 10</b>	<b>3 80</b>	<b>47 50</b>	<b>11,114 00</b>	<b>233 98</b>
<b>Total fees claimed</b>	<b>1,620 00</b>	<b>3,250 00</b>	<b>715 00</b>	<b>5,149 00</b>	<b>380 00</b>		<b>11,114 00</b>	

The above costs exclude VAT

### *New Glow Urban Spa Limited*

To date a total of 4 7 hours have been spent for the period 1 June 2011 to 15 July 2011 at an average charge out rate of £233 09 bringing the total cost to date to £1,095 50

A summary table is shown below



**New Glow Urban Spa (Holdings) Limited**  
**New Glow Urban Spa Limited**  
**Panakeia Limited**  
**all in Administration**  
**Proposals**  
**22 July 2011**

**New Glow Urban Spa Limited**

**Timecost Summary for the period 1 June 2011 to 15 July 2011**

Task	Licensed Insolvency Practitioner	Director	Assistant Manager	Senior Administrator	Junior Administrator	Total hours	Total cost (£)	Average hourly rate (£)
Administration and Planning	-	1 50		2 70	-	4 20	1,000 50	238 21
Statutory	-	-	-	0 50	-	0 50	95 00	190 00
<b>Total hours</b>	-	1 50	-	3 20	-	4 70	1,095 50	233 09
<b>Total fees claimed</b>	-	487 50	-	608 00	-		1,095 50	

The above costs exclude VAT

***Panakeia Limited***

To date a total of 2 70 hours have been spent for the period 1 June 2011 to 15 July 2011 at an average charge out rate of £190 bringing the total cost to date to £513

A summary table is shown below

**Panakeia Limited**

**Timecost Summary for the period 1 June 2011 to 15 July 2011**

Task	Licensed Insolvency Practitioner	Director	Assistant Manager	Senior Administrator	Junior Administrator	Total hours	Total cost (£)	Average hourly rate (£)
Administration and Planning	-	-	-	1 90	-	1 90	361 00	190 00
Asset Realisations	-	-	-	0 30	-	0 30	57 00	190 00
Statutory	-	-	-	0 50	-	0 50	95 00	190 00
<b>Total hours</b>	-	-	-	2 70	-	2 70	513 00	190 00
<b>Total fees claimed</b>	-	-	-	513 00	-		513 00	

The above costs exclude VAT



**5 Disbursements**

**5.1 Category 1 disbursements**

Details of the Category 1 disbursements are as follows

***New Glow Urban Spa (Holdings) Limited***

**Category 1 disbursements**

Description	£
Insolv Technologies	210 00
Courts Advertising	153 00
Marketing Advertising	175 00
Legal fees	546 00
	<u>1,084 00</u>

***New Glow Urban Spa Limited***

**Category 1 disbursements**

Description	£
Insolv Technologies	210 00
	<u>210 00</u>

***Panakeia Limited***

**Category 1 disbursements**

Description	£
Insolv Technologies	210 00
	<u>210 00</u>

**5.2 Category 2 disbursements**

Details of the Category 2 disbursements are as follows

***New Glow Urban Spa (Holdings) Limited***

**Category 2 disbursements**

Description	£
Printing, postage & stationery	79 54
Annual management fee	150 00
	<u>229 54</u>

***New Glow Urban Spa Limited***

**Category 2 disbursements**

Description	£
Annual Management Fee	150 00
	<u>150 00</u>

***Panakeia Limited***

**Category 2 disbursements**

Description	£
Annual Management Fee	150 00
	<u>150 00</u>

The above costs exclude VAT



**APPENDIX IV**

**A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**

**ENGLAND AND WALES**

**1 Introduction**

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

**2 The nature of administration**

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:
- rescuing the company as a going concern, or
  - achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration, or,
  - if the administrator thinks neither of these objectives is reasonably practicable
  - realising property in order to make a distribution to secured or preferential creditors

**3 The creditors' committee**

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

**4 Fixing the administrator's remuneration**

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed:
- as a percentage of the value of the property which the administrator has to deal with,
  - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
  - as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or



combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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

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

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors
  - each secured creditor of the company, and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval, having regard to the same matters as the committee would.

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

4.4 A resolution of creditors may be obtained by correspondence.

## **5. Review of remuneration**

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

## **6 Approval of pre-administration costs**

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.



- 6 2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.
- 6 3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

## **7 What information should be provided by the administrator?**

### **7.1 When seeking remuneration approval**

- 7 1 1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on
- the nature of the approval being sought,
  - the stage during the administration of the case at which it is being sought, and
  - the size and complexity of the case
- 7 1 2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.
- 7 1 3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent
- Administration and planning
  - Investigations
  - Realisation of assets
  - Trading
  - Creditors
  - Any other case-specific matters

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



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

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

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

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

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

## **7.2 After remuneration approval**

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

## **7.3 Disbursements and other expenses**

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



**8 Progress reports and requests for further information**

- 8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include
- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
  - if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
  - if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
  - a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
  - the date of approval of any pre-administration costs and the amount approved,
  - a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses
- 8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court
- 8 3 The administrator must provide the requested information within 14 days, unless he considers that
- the and cost involved in preparing the information would be excessive, or
  - disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
  - the administrator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

**9 Provision of information – additional requirements**

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

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

The information must be provided within 28 days of receipt of the request by the



administrator, and requests must be made within two years from vacation of office

**10 What if a creditor is dissatisfied?**

- 101 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 102 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing
- 103 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

**11 What if the administrator is dissatisfied?**

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

**12 Other matters relating to remuneration**

- 12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors
- 12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court
- 12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made
- 12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them



**13. Effective date**

This guide applies where a company enters administration on or after 6 April 2010, except where

- the for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date



**APPENDIX V**

**JOINT ADMINISTRATORS' PROPOSALS**

**New Glow Urban Spa (Holdings) Limited**

**New Glow Urban Spa Limited**

**Panakeia Limited**

**All in Administration**

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

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (the Act) and The Insolvency Rules 1986 (the Rules), Cameron Frazer Gunn and Mark Christopher Supperstone, the Joint Administrators (Joint Administrators) of New Glow Urban Spa (Holdings) Limited, New Glow Urban Spa Limited and Panakeia Limited (the Companies), make the following Proposals for achieving the purpose of the Administrations

These Proposals and the attached report to creditors together set out the information required by and to discharge the Joint Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules


**Proposals**

The Joint Administrators propose that

- (a) They continue to manage the business, affairs and property of the Companies in order to achieve the purpose of the Administrations such that
  - (i) they dispose of the Companies ownership of such assets at such time(s) on such terms as they consider expedient
  - (ii) they investigate and, if appropriate, pursue any claims that the Companies may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Companies or any person, firm or company which supplies or has supplied goods or services to the Companies, and
  - (iii) in addition, they do all such things and generally exercise all their powers as Joint Administrators as in their discretion they consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Companies or maximise the realisations of those assets, or of any purpose incidental to these Proposals
- (b) In the event that the Joint Administrators are of the view that it is appropriate for the Companies to move from Administration into Liquidation, whether compulsory or voluntary, the Joint Administrators be authorised to take steps to place the Companies into whichever Liquidation process they deem appropriate. In either circumstance, it is proposed that the Joint Administrators take the appointment as Joint Liquidators of the Companies. In relation to moving into Creditors' Voluntary Liquidation, and in accordance with Paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of the Proposals and prior to their acceptance
- (c) If the Joint Administrators consider that there will be no distribution to unsecured creditors (apart from the Prescribed Part, if any), and if they also consider that an exit from the Administration into Compulsory Liquidation is not appropriate, or the Joint Administrators apply to court to seek consent to distribute to the unsecured creditors and following the distribution, then the Joint Administrators be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Companies into dissolution pursuant to Paragraph 84 of Schedule B1 to the Act



- (d) The Administrations shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Companies have been realised and all liabilities incurred during the Administrations have been discharged or until such a time as deemed appropriate by the Joint Administrators. At this stage the Companies shall be dissolved or placed into Liquidation as outlined above. If necessary, the Joint Administrators will propose to seek an extension of their appointment as Joint Administrators from the creditors and/or the Court pursuant to Paragraph 76 of Schedule B1 of the Act.
- (e) Upon the Companies either proceeding into Creditors Voluntary Liquidation or dissolution as set out above, the Joint Administrators' discharge from liability, pursuant to Paragraph 98 of Schedule B1 shall take effect 14 days following either the Companies entering into Liquidation or filing the notice of moving from Administration to dissolution.
- (f) The Joint Administrators are at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Administrators' statutory duties. In addition, the Joint Administrators are to be remunerated by reference to time properly spent both for their services as Joint Administrators and also for their staff in attending to the matters arising in the Administrations of the Companies, charged at the charge out rates prevailing at the time the work is undertaken. Such remuneration to be drawn from time to time, subject to available funds.
- (g) The Joint Administrators are at liberty to recharge disbursements as detailed in the circulated Creditor's Guide to Administrators' Fees. Shared and allocated costs are to be charged as follows:
- Photocopying 20 pence per sheet
  - Faxes/telephone/room hire £150 per annum
  - Postage Typical 1st/2nd class postage rates at the date of postage
- (h) The Joint Administrators are at liberty to pay costs and remuneration in relation to Proposals (f) and (g) above when funds become available.
- (i) The Joint Administrators shall consult with the creditors' committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these Proposals and where they consider it expedient to obtain the sanction of that committee on behalf of the creditors of the Companies (and without further reference to them) to any proposed action on the part of the Joint Administrators.

  
Cameron Gunn  
Joint Administrator