



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 1 1 0 3 1 3 0 4

Company name in full SKS Clinics UK Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Rachael Maria

Surname Wilkinson

### 3 Administrator's address

Building name/number 3 Forbury Place

Street 23 Forbury Road

Post town Reading

County/Region

Postcode R G 1 3 J H

Country

### 4 Administrator's name ①

Full forename(s) David Robert

Surname Baxendale

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 7 More London

Street Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
To date	<sup>d</sup> 0	<sup>d</sup> 7	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 0	<sup>d</sup> 3	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
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**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 Syed Shah

Company name PricewaterhouseCoopers LLP

Address 8th floor,

Central Square,

29 Wellington Street,

Post town Leeds

County/Region

Postcode

L

S

1

4

D

L

Country

DX

Telephone

**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 the form.

**Important information**

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

**Where to send**

**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.

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

# Joint administrators' progress report from 8 April 2021 to 7 October 2021

**Skinsmiths Clinics UK Limited**

**SKS Clinics UK Limited**

**Earth Spa Limited**

(all in administration)

3 November 2021

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The following table shows the abbreviations and insolvency terms that may be used in this report.

<b>Joint Administrators/we/us/our</b>	Rachael Maria Wilkinson and David Robert Baxendale
<b>Bank</b>	HSBC Bank plc, the secured creditor
<b>BEIS</b>	Department for Business, Energy & Industrial Strategy
<b>Companies</b>	Skinsmiths Clinics UK Ltd, SKS clinics UK Limited and Earth Spa Limited
<b>ES</b>	Earth Spa Limited
<b>HMRC</b>	HM Revenue and Customs
<b>IA86</b>	Insolvency Act 1986
<b>IR16</b>	Insolvency (England and Wales) Rules 2016
<b>First ranking preferential creditors</b>	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
<b>LtO</b>	Licence to occupy
<b>NEST</b>	National Employment Savings Trust
<b>Proposals</b>	The Joint Administrators' proposals for achieving the purpose of the Administration dated 15 April 2021
<b>Purchaser</b>	Therapie Glasgow Limited
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>ROT Claims</b>	Claims to retention of title as per the agreement between the two parties over goods supplied to a Company but not paid for before the Administrators' appointment
<b>RPS</b>	Redundancy Payments Service
<b>SCUK</b>	Skinsmiths Clinics UK Limited
<b>Secondary preferential creditor</b>	HMRC in respect of taxes due from employees and customers that are withheld by the business and then paid over in one lump sum periodically to HMRC, such as VAT, PAYE and employees' National Insurance contributions
<b>Secured Creditor</b>	A creditor with security in respect of their debt, in accordance with section 248 IA86
<b>SIP</b>	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply
<b>SIP2</b>	Statement of Insolvency Practice 2: Investigations by office holders and the submission of conduct reports by office holders.

<b>SIP 9</b>	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
<b>SIP 13</b>	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
<b>SIP 16</b>	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
<b>SKS</b>	SKS Clinics UK Limited
<b>SPA</b>	The agreement for the sale and purchase of the business and certain of the assets of the Companies dated 8 April 2021 and made between (i) Skinsmiths Clinics UK Limited (ii) Earth Spa Limited, (iii) SKS Clinics UK Limited (iv) David Baxendale and Rachael Wilkinson as Joint Administrators and (v) Therapie Glasgow Limited
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>Unsecured Creditors</b>	Creditors who are neither secured nor preferential

This report has been prepared by Rachael Maria Wilkinson and David Robert Baxendale as Joint Administrators of the Companies, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Companies.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Rachael Maria Wilkinson and David Robert Baxendale have been appointed as Joint Administrators of the Companies to manage their affairs, business and property as their agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:  
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

## Why we've sent you this report

We're writing to update you on the progress of the administrations of the Companies in the six months since our appointments as Joint Administrators on 8 April 2021.

You can still view the Joint Administrators' Proposals for achieving the purpose of administration on our website

Please get in touch with us at [uk\\_sks\\_creditors@pwc.com](mailto:uk_sks_creditors@pwc.com) if you need the password to access the report.

## How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

	SCUK	SKS	ES
<b>For First ranking preferential creditors:</b>	Not applicable - the Companies' employees have transferred to the Purchaser under TUPE so we are not anticipating any employee preferential claims.		
<b>For Secondary preferential creditor:</b>	7-15%	20-30%	Nil
<b>For Unsecured creditors:</b>	Nil	Nil	Nil

We explained in our Proposals that the Bank held fixed and floating charges over the assets of SCUK secured by a debenture dated 16 March 2018. This secured its exposure under credit card facilities and an overdraft facility (which had not been utilised). At the date of our appointment, the Bank was owed £4,517 in relation to the credit card facilities. The Bank used its right of set off to draw these amounts from funds held by SCUK and has released its security as part of the transaction.

We think we'll be able to pay the Secondary preferential creditor dividends by the amounts set out in the table above and we expect to pay these dividends within the next 6 months

We don't think the Companies' Unsecured Creditors will receive a dividend. As detailed in our Proposals, we don't think there will be significant realisations after meeting the expenses of the administrations for any distribution to be made to the Unsecured Creditors.

## What you need to do

This report is for your information and you don't need to do anything.



## Background

You'll remember from our Proposals for achieving the purpose of the administration that, when we were appointed, the position was as follows:

- The Companies provided skincare and other cosmetic treatment clinics across 10 sites in London and the surrounding areas.
- We were appointed because the Companies had been loss making since incorporation. The shareholder initiated a sales process for the Companies on a solvent basis but this was unsuccessful, with no share sale agreed on a going concern basis.
- PwC was engaged in March 2021 to undertake a review of options and explore the potential for a sale via a pre-packaged administration for each of the Companies. It became apparent during the review, that without additional third party funding, there would be insufficient cash available to allow the Companies to continue to trade and meet liabilities due in April 2021.
- PwC spoke to a number of parties who were interested in purchasing the businesses on an insolvent basis through a pre-packaged administration.
- Based on discussions with the counterparties we identified two parties which were interested in pursuing a purchase as part of a pre-packaged sale. Limitations in the parties' ability to complete within the tight timeframe and/or the general risks associated with the retail operations (including the loss making status of the Companies) resulted in only one formal offer from the interested parties that were approached.
- Negotiations commenced with the party who had submitted a final offer, Therapie Glasgow Limited, in order to ensure a transaction could be completed by 12 April 2021 (the date of the easing of lockdown in the UK).

## Pre-packaged sales of the business and assets

Following our appointment as Joint Administrators of the Companies' on 8 April 2021, a sale of the business and certain assets of the Companies' was undertaken to Therapie Glasgow Limited.

All employees have transferred to the new entities and the Purchaser has continued to honour customer contracts.

This was the best available outcome for creditors of the Companies as a whole in the prevailing circumstances. The sales have preserved over 52 jobs, provided continuity of service to customers, and significantly mitigated creditor claims.

## Sale of business and assets

As explained earlier, immediately following our appointment, we completed a sale of the majority of the business and assets of the Companies, realising a total consideration of £200,000. As required by SIP 16 and SIP 13, a detailed explanation of why the pre-packaged sale was undertaken and why this was preferable to the alternative options was circulated to all known creditors and included with our Proposals. A copy of this disclosure is available on our website . In summary, we think the pre-packaged sale achieved the best outcome for creditors as a whole because:

- The businesses did not generate sufficient profits to cover the operating costs. Therefore, a trading administration would not be possible;
- A Company Voluntary Arrangement would only deal with unsecured debt, the majority of which is with the shareholder through intercompany balances. Therefore, additional funding would still be required to allow the businesses to continue to trade;
- The sale resulted in the transfer of 52 employees thereby mitigating preferential and non-preferential creditor claims; and
- The accelerated sale process for the Companies' businesses and assets had exposed these to the market and it was unlikely that a better deal could be obtained through any further marketing.

Despite the successful and immediate sale of the Companies' business and assets, there remained a significant amount of work to do in the administrations, broadly split as follows:

- Matters arising directly in connection to the sale;
- Retention of title claims;
- Managing the property portfolio under the Licence to Occupy and payment of all utilities;
- Fulfilling statutory obligations of the Joint Administrators; and
- Dealing with other areas of the Companies' affairs (including tax and VAT).

We provide more detail below on our work in these areas during the first six months of the administrations.

## Cash at bank

We wrote to the pre appointment bank to arrange a transfer of cash balance of £13,052.62 for Skinsmiths Clinics UK Limited and £148,698.81 for SKS Clinics UK Limited to accounts under the Joint Administrators control. There was no balance on the account of Earth Spa Limited at the time of our appointment. We are pleased to confirm we received the transfer of funds during the period covered by this report.

## Stock held in third party warehouse

Stock located at two third party warehouse locations, AIT and Green Fulfilment, was excluded from the sale, in order for the Joint Administrators to investigate whether the shareholder held a valid retention of title claim over the stock.

Stock held at Green Fulfilment was all subject to a valid ROT clause, therefore, the stock was offered back to the owner for collection. This offer was accepted, therefore, no costs were incurred in relation to this warehouse or the stock held in it.

Stock held at AIT was partially subject to a valid ROT clause, similarly, this stock was offered back to the owner for collection and this offer was accepted. The stock that was not subject to a valid ROT claim was reviewed and after discussions with an independent third party it was concluded that there was a risk that the costs that would likely need to be incurred to sell the stock could be greater than the recovered amount. In such a circumstance, selling the stock would have resulted in a loss and be to the detriment of creditors. Therefore, the stock not subject to a valid ROT claim was offered back to Skinsmiths Skincare Limited for a nominal amount of £1. This offer was accepted and we have received payment of £1 for the purchase of the stock. Therefore, no costs were incurred in relation to this warehouse or the stock held in it.

## Book debts

We stated in our Proposals that the Companies' books and records at the time of the administration showed amounts totalling £197k owing in respect of various debtor balances, including rent deposits, prepayments and other debtors. The majority of the balance is made up of rent deposits where landlords may have rights of set off.

To date we have collected sundry debts and refunds of £19,653 in SCUK, nil in SKS and nil in ES. These balances have been in relation to local authority grants, utility supplier prepayments and miscellaneous refunds. We do not anticipate further significant recoveries on this matter.

The Companies have also benefited from the use of pre appointment rent deposits by £5,319 in SCUK, £6,385 in SKS and nil in ES. We arranged with landlords for deductions to the rent deposit to pay for rent for some property sites.

## Property

As you may recall from our Proposals, on appointment a licence to occupy was granted to the Purchasers for an initial period of 4 months for 10 sites. This was to provide the Purchaser with a temporary arrangement whilst they negotiated with landlords for new leases or put in place alternative arrangements. We accepted a request from the Purchaser to extend the license to occupy by three months in August 2021, to 8 November 2021. This was done to provide the Purchaser with more time to finalise ongoing discussions around reassignment of leases, which was taking longer than we had anticipated at the time we published our Proposals.

We have spent considerable time liaising with landlords to obtain invoices, lease information and responding to queries. During the period covered by this report, the Purchaser has exited or assigned 5 sites and we have offered surrenders of leases covering those sites to landlords. Landlords have accepted 3 surrenders to date.

Until the end of the licence to occupy period, or such time as leases are assigned or properties vacated, the Companies will continue to pay rent to landlords for the periods of beneficial occupation after being put in funds by the Purchaser for those specific properties.

All landlord queries and communication should be directed to [uk\\_sks\\_property@pwc.com](mailto:uk_sks_property@pwc.com).

The Purchaser has also agreed to pay us £500 per lease for each month of the extension, beyond the initially agreed three months. This is shown on our receipts and payments in Appendix A. This fee is to remunerate us for our work in maintaining the license to occupy agreement. This is separate to the fee approval we sought from estate funds in our remuneration report and will need additional fee approval which will be sought in due course.

## Utilities

We provided an undertaking to pay a number of utilities such as electricity, gas and broadband for a number of months following our appointment as Joint Administrators. This was done to provide the Purchaser with time to transfer accounts to them. We are pleased to confirm that all utilities' billing arrangements have been transferred to the Purchaser. The Purchaser has agreed to reimburse us, for the payments made by us to utility suppliers for the period the undertaking was in place.

## Connected party transactions

There have been no transactions with connected parties during the period of this report. Any future connected party transactions will be done with full transparency and information on the transactions will be provided in our next report to creditors.

## Statutory and Compliance

During the period covered by this report we have:

- Sent creditors information on the pre-packaged sale of the Companies' businesses and assets (SIP 16 report);
- Prepared and circulated our Proposals for achieving the purpose of administrations;

- Prepared a remuneration report and circulated it to creditors;
- Obtained approval for the basis of our fees as Joint Administrators;
- Prepared this report;
- Ensured our compliance with VAT and Tax reporting obligations;
- Prepared and submitted a directors conduct report to the Insolvency Service; and
- Liaised with our post appointment insurance broker to ensure appropriate insurance cover remained in place.

## **Approval of our proposals**

We issued to creditors our Proposals for achieving the purpose of administrations dated 15 April 2021.

We said in our Proposals that we thought the Companies did not have enough assets to pay a dividend to Unsecured Creditors. This meant that we did not have to hold creditors' meetings to approve our Proposals and our Proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our Proposals were deemed approved on 29 April 2021.

## **Investigations and actions**

We have reviewed the Companies' affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and SIP2. At this time, nothing has come to our attention to suggest that we need to do any more work in line with our duties.

## **Our receipts and payments account**

We set out in Appendix A an account of our receipts and payments in the administrations from 8 April 2021 to 7 October 2021 for each of the Companies.

## **Our expenses**

We set out in Appendix B a statement of the expenses we've incurred in the period covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

## **Our fees**

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

## **Pre-administration costs**

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our Proposals. We have drawn the approved pre-administration fees, as shown in the attached receipts and payments accounts.

## **Creditors' rights**

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

You can also get a copy of this report, free of charge by emailing [uk\\_sks\\_creditors@pwc.com](mailto:uk_sks_creditors@pwc.com)

## What we still need to do

There is still a considerable amount of work to do, before the administrations can be concluded. The following is a summary of the key matters:

- Surrender leases or complete assignments of leasehold properties as appropriate;
- Deal with any remaining post sale matters;
- Make a distribution to the Secondary preferential creditor;
- Submit ongoing and final VAT and tax returns;and
- Deal with closure matters including drafting and issuing the final progress report, closure of our internal systems, obtaining clearances from third parties and removal of the Administrators' bond.

## Next steps

It is possible that the administrations may end at different times, unless we consider that it is more cost effective to bring them to an end simultaneously. We'll provide an update on this in our next report.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with us at

Yours faithfully

For and on behalf of the Companies

A handwritten signature in black ink, appearing to read 'Rachael Maria Wilkinson'.

Rachael Maria Wilkinson  
Joint Administrator

Skinsmiths Clinics UK Limited - in administration		8 April 2021 to 7 October 2021
Statement of Affairs		
(£)		(£)
<b>Receipts</b>		
12,629	Cash at bank	13,052.62
52,956	Rent deposit	5,318.51
1	Fixed assets	-
1	Accounts receivable	-
1	Prepayments	-
1	Stock on hand	3,099.27
2	Intercompany debt	-
1	Inventory	-
1	Other assets	-
1	Goodwill	1.00
	Plant & Machinery	41,111.11
	Purchaser LtO funding	14,464.40
	Professional Fee	1,000.00
	Sundry debts & refunds	19,653.42
	Purchaser legal funding	200.00
	Interest	3.06
<b>65,593</b>	<b>Total receipts</b>	<b>97,903.39</b>
<b>Payments</b>		
	Pre appointee fees & expenses	(26,243.00)
	Statutory advertising	(87.00)
	LtO payments	(8,721.51)
	Utilities & Rates	(250.96)
	Insurance	(295.68)
	Bank charges	(1,126.04)
	Rent payments from deposit	(5,318.51)
	<b>Total Payments</b>	<b>(42,042.70)</b>
	<b>Net balance</b>	<b>55,860.69</b>
<b>VAT Control Account</b>		<b>(2,151.03)</b>
<b>Funds in hand</b>		<b>53,709.66</b>

SKS Clinics UK Limited- in administration	
Statement of Affairs	8 April 2021 to 7 October 2021
(£)	(£)
<b>Assets subject to floating charge</b>	
<b>Receipts</b>	
1 Goodwill	1.00
1 Prepayments	-
1 Rent deposit	6,385.20
1 Stock on hand	10,280.54
1 Appearance medicine	-
1 Fixed assets	-
Plant & Machinery	123,333.33
Purchaser LtO funding	111,601.84
Professional Fee	4,000.00
Bank interest	10.67
Third party funds	50,055.84
Cash in hand	148,638.81
Purchaser legal funding	600.00
<b>6</b>	<b>454,967.23</b>
<b>Payments</b>	
Pre appointee fees & expenses	(61,774.53)
Office holders' fees	(22.75)
Statutory advertising	(87.00)
LtO payments	(77,024.22)
Utilities & Rates	(350.88)
Insurance	(816.57)
Rent payments from deposit	(6,385.20)
<b>Total Payments</b>	<b>(146,461.15)</b>
<b>Net balance</b>	<b>308,506.08</b>
<b>VAT Control Account</b>	<b>(1,162.68)</b>
<b>Funds in hand</b>	<b>307,343.40</b>

Earth Spa Limited – in administration	
Statement of Affairs	8 April 2021 to 7 October 2021
(£)	(£)
<b>Receipts</b>	
1 Appearance medicine	-
1 Stock	-
1 Prepayments	-
1 Sundry debtors	-
1 Fixtures & Fittings	-
1 Plant & Equipment	-
Goodwill	1.00
Plant & Machinery	20,555.56
Stock	1,617.19
Purchaser Ltd funding	27,876.94
Professional Fee	1,000.00
Bank interest	0.69
Purchaser legal funding	200.00
<b>6</b>	<b>51,251.38</b>
<b>Payments</b>	
Pre appointee fees & expenses	(8,783.00)
Statutory advertising	(87.00)
Ltd payments	(21,258.96)
Insurance	(168.00)
<b>Total Payments</b>	<b>(30,296.96)</b>
<b>Net Balance</b>	<b>20,954.42</b>
<b>VAT Control Account</b>	<b>(74.40)</b>
<b>Funds in hand</b>	<b>20,880.02</b>

Please note that for some of the properties subject to the license to occupy agreement, rent costs have been met by deductions from the pre appointment deposit held by landlords. To record the deductions to the rent deposit, we have recognised the deductions as a receipt, and recognised the reduction in outstanding rent as rent payments from deposit.

Please note in the statement of affairs for Skinsmiths Clinics UK Limited and SKS Clinics UK Limited, Goodwill was listed as an asset subject to a fixed charge, based on our review of Company records, goodwill is not subject to a fixed charge.

Funds are held in an account eligible for interest.



Expenses are amounts properly payable by us as Joint Administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Secondary preferential creditor) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as Joint Administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case:

<b>2</b>	<b>PwC</b>	<b>Photocopying</b> – At 10 pence per side copied, only charged for circulars to creditors and other bulk copying.	-	-	-
<b>2</b>	<b>PwC</b>	<b>Mileage</b> – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-	-	-
<b>1</b>	<b>PwC</b>	Printing	6.63	-	-
<b>1</b>	<b>PwC</b>	Statutory bond	225.00	225.00	225.00
<b>Total</b>			<b>231.63</b>	<b>225.00</b>	<b>225.00</b>

The expense policy set out above has been approved by the fee approving body.

The tables below provides details of the expenses incurred in the administrations:

The tables also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

#### **Skinsmiths Clinics UK Limited - in administration**

Pre Administration fees	13,500	-	13,500	13,500	-
Pre-administration expenses	12,743	-	12,743	15,109	2,366
Bank Charges	1,126	250	1,376	50	(1,326)
Legal Costs	-	1,000	1,000	1,000	-
Office Holder Remuneration	-	35,000	35,000	35,000	-
Office holders' expenses	232	250	482	475	(7)
Insurance	296	250	546	296	(250)
Storage	-	100	100	500	400
Statutory advertising	87	-	87	87	-
<b>Total expenses</b>	<b>27,983</b>	<b>36,850</b>	<b>64,833</b>	<b>66,017</b>	<b>1,184</b>

#### **SKS Clinics UK Limited- in administration**

Pre Administration fees	32,000	-	32,000	32,000	-
Pre-administration expenses	29,775	-	29,775	35,814	6,039
Bank Charges	-	500	500	50	(450)
Legal Costs	-	1,000	1,000	1,000	-
Office Holder Remuneration	23	149,977	150,000	150,000	-
Insurance	817	500	1,317	1,183	(134)
Office holders' expenses	225	500	725	475	(250)
Storage	-	100	100	500	400
Statutory advertising	87	-	87	87	-
<b>Total expenses</b>	<b>62,926</b>	<b>152,577</b>	<b>215,503</b>	<b>221,109</b>	<b>5,606</b>

## Earth Spa Limited - in administration

Pre Administration fees	4,500	-	4,500	4,500	-
Pre-administration expenses	4,283	-	4,283	5,036	753
Bank Charges	-	250	250	50	(200)
Legal Costs	-	500	500	1,000	500
Office Holder Remuneration	-	15,000	15,000	15,000	-
Office holders' expenses	225	250	475	475	0
Insurance	168	250	418	148	(270)
Storage	-	100	100	500	400
Statutory advertising	87	-	87	87	-
<b>Total expenses</b>	<b>9,263</b>	<b>16,350</b>	<b>25,613</b>	<b>26,796</b>	<b>(1,183)</b>

The tables should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

We do not think that our expenses will exceed the estimate provided to all creditors before the basis of our fees was fixed.

Please note that we have not included the payments we have made as part of the Licence to occupy agreement with the purchase, in the below table, as these costs are being met by the Purchaser and such costs are not treated as an expense of the administrations.

Our fees as Joint Administrators were approved on a fixed fee basis by the Secondary preferential creditor. To date we have not drawn any fees.

Our fixed fees are approved at:

Skinsmiths Clinics UK Limited	35,000
SKS Clinics UK Limited	150,000
Earth Spa Limited	15,000

We set out later in this appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

## Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

## Our work in the period

### Accounting and Treasury

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|---|--|--|
| <ul style="list-style-type: none"><li>• Regular reconciliations of the bank accounts</li><li>• Entering receipts and payments into the accounting system</li><li>• Transferring balances from pre appointment accounts to the administration accounts</li></ul> | <ul style="list-style-type: none"><li>• Ensuring good stewardship of funds held on behalf of creditors</li></ul> | <ul style="list-style-type: none"><li>• To ensure the proper management of the funds that will in due course be distributed to creditors</li></ul> |
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### Property

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| <ul style="list-style-type: none"><li>• Issuing notices to landlords and agents regarding the appointment of the Joint Administrators</li><li>• Obtaining lease information in relation to the property portfolio of the Companies</li><li>• Liaising with the Purchaser regarding the licences to occupy</li></ul> | <ul style="list-style-type: none"><li>• To recover the maximum value of assets</li></ul> | <ul style="list-style-type: none"><li>• To ensure all payments in respect of rent have been made</li><li>• To realise the maximum funds to be distributed to creditors</li></ul> |
|---|--|--|
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- Fulfilling our obligations under the SPA
- Liaising with landlords regarding outstanding rental arrears and other practical matters
- Preparing a cash flow statement on a monthly basis and invoicing the Purchaser for funds in respect of upcoming rent
- Contacting landlords regarding offers of surrender of leases
- Seeking legal advice in relation to property matters

### Creditors

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Receiving and following up on creditor enquiries via telephone, email and post</li> <li>• Reviewing and preparing correspondence to creditors and their representatives</li> <li>• Updating our website to include up to date information for creditors</li> </ul> | <ul style="list-style-type: none"> <li>• To distribute funds to creditors, where applicable</li> <li>• To provide creditors with information requested</li> </ul> | <ul style="list-style-type: none"> <li>• To ensure the correct distribution of funds</li> </ul> |
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### Investigations

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|---|---|---|
| <ul style="list-style-type: none"> <li>• Performed bankruptcy and disqualification searches on current and former directors of the Companies</li> <li>• Reviewed directors loan accounts for improper activity</li> <li>• Sought information from creditors on wrongful trading and reviewed responses</li> <li>• Submitted our report on the conduct of the directors to the BEIS</li> </ul> | <ul style="list-style-type: none"> <li>• Required by statute</li> </ul> | <ul style="list-style-type: none"> <li>• Required by Company Directors Disqualification Act 1986</li> </ul> |
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### Employees and Pensions

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|---|--|--|
| <ul style="list-style-type: none"> <li>• Ascertaining details of the pension arrangement operated by the Companies and arranging for the relevant statutory notices to be issued to key stakeholders</li> <li>• Working with NEST to arrange for claims to be submitted to the RPS in respect of outstanding pre-appointment pension contributions</li> <li>• Submission of exception schedules to NEST to allow the amount claimed from the RPS to be allocated to individual member accounts</li> <li>• Drafting, issuing and delivering initial communications and announcements to employees</li> <li>• Collating information relating to all outstanding employment litigation, including: current claim status, claim type, quantum assessment</li> </ul> | <ul style="list-style-type: none"> <li>• To provide creditors with information requested</li> <li>• Required by statute</li> </ul> | <ul style="list-style-type: none"> <li>• To ensure creditors are provided with the necessary information</li> <li>• To ensure the correct distribution of funds</li> </ul> |
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### Sale of business

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| <ul style="list-style-type: none"> <li>• Completing the sale of the businesses and assets</li> </ul> | <ul style="list-style-type: none"> <li>• Carrying out contractual obligations under the SPA</li> </ul> | <ul style="list-style-type: none"> <li>• The SPA has led to a better outcome for the creditors as a whole</li> </ul> |
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- Liaising with the Purchaser and solicitors on ongoing matters such as property and customer deposits
- Reconciling funds received from the sale of the businesses
- Reconciliation of funds received in error due to the Purchaser
- Fulfilling our duties under the SPA relating to utilities, Companies' records and transfer of employees

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### Statutory and Compliance

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|---|--|--|
| <ul style="list-style-type: none"> <li>• Preparing and issuing all necessary initial letters and notices regarding our appointment as Joint Administrators</li> <li>• Filing case records in line with internal policy</li> <li>• Filing of appropriate notices at Companies House</li> <li>• Drafting and reviewing a statement of Proposals to creditors</li> <li>• Circulating notice of the Proposals to creditors, members and the Registrar of Companies</li> <li>• Circulating notice of deemed approval of the Proposals</li> <li>• Requesting the Directors to prepare their Statements of Affairs</li> <li>• Filing the Statements of Affairs with the Registrar of Companies</li> <li>• Obtaining &amp; maintaining required insurance cover</li> <li>• Prepared and circulated a remuneration report including initial information to creditors and fees estimate</li> <li>• Sought and approved fee approval from the Secondary preferential creditor</li> </ul> | <ul style="list-style-type: none"> <li>• To meet the statutory duties of the Administrators</li> </ul> | <ul style="list-style-type: none"> <li>• Statutory or regulatory duties of the Administrators</li> </ul> |
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### Strategy and Planning

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|---|--|--|
| <ul style="list-style-type: none"> <li>• Holding team meetings discussing the progress of key matters in the administration</li> <li>• Conducting case reviews</li> <li>• Reviewing the future work to be undertaken</li> <li>• Review of time costs against fees estimate</li> </ul> | <ul style="list-style-type: none"> <li>• To ensure proper management of the administrations</li> </ul> | <ul style="list-style-type: none"> <li>• To ensure orderly management and progression of the cases in a cost effective manner</li> </ul> |
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### Tax and VAT

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|--|--|---|
| <ul style="list-style-type: none"> <li>• Carrying out a tax review and making subsequent enquiries</li> <li>• Gathering information for the initial VAT review and advising on pre appointment VAT returns.</li> <li>• Ensuring Invoices received are compliant from a VAT recovery perspective and requested amendments where this is not the case</li> </ul> | <ul style="list-style-type: none"> <li>• To meet the statutory duties of the Administrators</li> </ul> | <ul style="list-style-type: none"> <li>• Statutory duties of the Administrators</li> <li>• Mitigation of the tax liability to the estate</li> </ul> |
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- Ongoing communications with HMRC with regards to our appointment and tax & VAT matters.

## Our future work

We still need to do the following work to achieve the purpose of administration.

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### Accounting and Treasury

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| <ul style="list-style-type: none"><li>• Dealing with receipts, payments and journals</li><li>• Carrying out bank reconciliations</li><li>• Closure of the bank account</li></ul> | <ul style="list-style-type: none"><li>• Statutory requirements and ensures good stewardship of estate funds</li></ul> |
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### Property

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|---|--|
| <ul style="list-style-type: none"><li>• Review insurance arrangements and obtain additional insurance if appropriate</li><li>• Liaising with landlords and responding to queries</li><li>• Preparing LtO funding requests to the Purchaser</li><li>• Set up and process payment runs to individual landlords in relation to each obligation under the lease (rent/service charge/insurance)</li><li>• Seeking legal advice regarding landlord and property matters</li><li>• Liaising with the Purchaser regarding closure of sites and offering surrender of the lease to the landlord</li><li>• Oversight role in relation to the lease surrender/new lease process</li><li>• Finalising the licence to occupy granted to the Purchaser</li></ul> | <ul style="list-style-type: none"><li>• To comply with the duties of the Administrators under the SPA</li><li>• To settle costs funded by the Purchaser that would be considered an expense of the administrations</li></ul> |
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### Creditors

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|--|---|
| <ul style="list-style-type: none"><li>• Responding to creditors queries</li><li>• Issuing a notice of intended dividend and paying a first &amp; final dividend to the Secondary preferential creditor</li><li>• Updating our creditor schedule with proof of debts received</li></ul> | <ul style="list-style-type: none"><li>• To ensure creditors are provided with the necessary information</li><li>• To ensure the correct distribution of funds</li></ul> |
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### Employees and Pensions

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|---|---|
| <ul style="list-style-type: none"><li>• Respond to queries from former employees</li><li>• Dealing with general pension scheme issues and the Pension Protection Fund</li></ul> | <ul style="list-style-type: none"><li>• To ensure creditors are provided with the necessary information</li></ul> |
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### Sale of business

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| <ul style="list-style-type: none"><li>• Ensure our continued compliance with the SPA</li><li>• Arrange transfer of third party funds to the Purchaser</li><li>• Ensure any proper allocation and recharge of any legal fees payable by the Purchaser</li><li>• Hold meetings and exchange correspondence with the Purchaser</li></ul> | <ul style="list-style-type: none"><li>• The SPA has led to a better outcome for the creditors as a whole</li></ul> |
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### Statutory and Compliance

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|--|---|
| <ul style="list-style-type: none"> <li>• Preparing and issuing periodic progress reports to creditors and the Registrar</li> <li>• Dealing with records in storage and destruction in line with policy</li> <li>• Filing of documents and dealing with books and records</li> <li>• Preparing closure documents and filing the notice of move to dissolution with the Registrar</li> <li>• Maintenance of the website and uploading creditor updates</li> <li>• Closure of internal systems and databases</li> </ul> | <ul style="list-style-type: none"> <li>• To comply with statutory requirements</li> </ul> |
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### Strategy and Planning

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|--|---|
| <ul style="list-style-type: none"> <li>• Holding internal meetings to discuss the ongoing progress of the case</li> <li>• Review of time costs against fees estimate</li> <li>• Planning for the most efficient route for closure</li> </ul> | <ul style="list-style-type: none"> <li>• To ensure orderly management and progression of the case in a cost effective manner</li> </ul> |
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### Tax and VAT

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- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Preparation of tax computations</li> <li>• Liaising with HMRC and obtaining tax clearance</li> <li>• VAT returns submissions to recover VAT receivable.</li> </ul> | <ul style="list-style-type: none"> <li>• To comply with statutory requirements</li> </ul> |
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## Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

## Details of subcontracted work

No work which our staff normally do has been subcontracted during the periods of the report and we do not anticipate such requirements in the future.

## Legal and other professional firms

We've instructed the following professionals on this case:

Legal advice in relation to pre-pack administration and ongoing matters in relation to property portfolio of the Companies	BDB Pitmans LLP	Insolvency and legal expertise	Time costs and disbursements
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Valuation of fixtures, fittings and other equipment	European Valuations	Industry knowledge and ability to provide independent valuation	Fixed fee
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Valuation of leasehold interests	CBRE	Industry knowledge and ability to provide independent valuation	Fixed fee
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Insurance	IRS	Insolvency knowledge	Premium based on sums insured
<b>BDB Pitmans LLP</b>	<b>Cost Paid (£)</b>	<b>Estimated to Pay (£):</b>	
Skinsmiths Clinics UK Limited	10,853.00	500	
SKS Clinics UK Limited	25,294.53	1,000	
Earth Spa Limited	3,653.00	500	
<b>Total</b>	<b>39,800.53</b>	<b>2,000</b>	
<b>European Valuations</b>	<b>Cost Paid (£)</b>	<b>Estimated to Pay (£):</b>	
Skinsmiths Clinics UK Limited	1,350.00	-	
SKS Clinics UK Limited	3,200	-	
Earth Spa Limited	450.00	-	
<b>Total</b>	<b>5,022.75</b>	<b>-</b>	
<b>CBRE</b>	<b>Cost Paid (£)</b>	<b>Estimated to Pay (£):</b>	
Skinsmiths Clinics UK Limited	540.00	-	
SKS Clinics UK Limited	1,280.00	-	
Earth Spa Limited	180.00	-	
<b>Total</b>	<b>2,000.00</b>	<b>-</b>	
<b>IRS</b>	<b>Cost Paid (£)</b>	<b>Estimated to Pay (£):</b>	
Skinsmiths Clinics UK Limited	295.68	250	
SKS Clinics UK Limited	816.57	500	
Earth Spa Limited	168.00	250	
<b>Total</b>	<b>1,280.25</b>	<b>1,000.00</b>	

The decision was taken by the Companies' director on 26 March 2021 that the Companies would each move into administration. Our time costs from that date until our appointment totalled £126,643 (excluding VAT). We also incurred legal and agents' expenses of £55,959 (excluding VAT).

PwC's initial role was to advise the Companies on their options and explore the potential for a sale via pre-packaged administration. It quickly became clear that insolvency of the Companies was inevitable. PwC additionally worked with the Companies' director and their legal advisers in preparing for administration. This involved liaising with management and advisers to negotiate and agree the terms of the SPA, liaising with company staff for information required for the administration process and insolvency planning.

We think that PwC's role in preparing and planning for our appointment makes a significant contribution to achieving the purpose of the administrations because it facilitated the sale of the majority of the Companies' business and assets and allowed the Companies to enter into administration in an orderly and controlled manner.

By its nature, a pre-pack transaction involves the performance of work prior to the appointment of the Joint Administrators, including marketing, liaising with interested parties and sale negotiations. We believe that this strategy was in the best interests of creditors as a whole and has enabled the statutory purpose of the administrations to be achieved through a better outcome for the Companies' creditors as a whole than would have been achieved had the Companies instead gone into liquidation.

Other work done prior to our appointments was necessary to place the Companies into administration in an orderly manner. If this had not been done prior to our appointments, it is likely the Companies could have been placed into insolvency in an uncontrolled manner, resulting in the cessation of trading. This would have reduced the value of the Companies' assets and would have not preserved jobs for the employees. Overall the level of creditor claims against the Companies would have been significantly higher.

The tables below provide details of costs which were incurred before our appointment but with a view to the Companies entering administration.

Our fees as Joint Administrators-in-waiting	Engagement dated 26 March 2021 between PwC and the Companies to undertake a review of options and explore the potential for a sale via pre-pack administration	25,000	Skinsmiths Clinics UK Limited	101,643	See below.
Expenses incurred by us as Joint Administrators-in-waiting	<b>BDB Pitmans LLP</b> Formal agreement dated 1 April 2021 with us as Administrators-in-waiting	-	Not applicable	48,959	Legal advice in relation to pre-pack administration
Expenses incurred to assist us as	<b>European Valuations</b>	-	Not applicable	5,000	Valuation of fixtures and fittings

Joint Administrators-in-waiting	There was no formal agreement				
Expenses incurred to assist us as Administrators-in-waiting	CBRE There was no formal agreement	-	Not applicable	2,000	Valuation of leasehold interests
Fees charged by other persons qualified to act as an insolvency practitioner	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Expenses incurred by other persons qualified to act as an insolvency practitioner	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>Total</b>		<b>25,000</b>		<b>157,602</b>	

A breakdown of the pre-administration costs allocated by entity is detailed below:

<i>Our fees as Joint Administrators-in-waiting</i>				
SKS	64%	16,000	65,051	32,000
SCUK	27%	6,750	27,444	13,500
ES	9%	2,250	9,148	4,500
<b>Total</b>	<b>100%</b>	<b>25,000</b>	<b>101,643</b>	<b>50,000</b>
<i>Expenses incurred by us as Joint Administrators-in-Waiting</i>				
SKS	64%	-	35,814	30,080
SCUK	27%	-	15,109	12,690
ES	9%	-	5,036	4,230
<b>Total</b>	<b>100%</b>	<b>-</b>	<b>55,959</b>	<b>47,000</b>

Given the majority of pre-appointment work did not specifically relate solely to one legal entity, we have sought to allocate pre-administration costs on the basis of the number of leasehold properties held by each entity. The costs are therefore in line with the consideration obtained.

We took the following steps during the period covered by this report to get approval for payment of the unpaid pre-appointment costs detailed in our Proposals:

- Drafted, published and circulated our remuneration report;
- Sought and successfully obtained approval from the fee approving body to recover the pre appointment costs from the estate of the Companies.

During the period covered by this report, we arranged for the following pre-administration costs to be paid:

*Our fees as Joint Administrators-in-waiting*

SKS	32,000
SCUK	13,500
ES	4,500
<b>Total</b>	<b>50,000</b>

*Expenses incurred by us as Joint Administrators-in-Waiting*

SKS	29,774.53
SCUK	12,743.00
ES	4,283.00
<b>Total</b>	<b>46,800.53</b>

**Court details for the administration:** In the High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD)

655 of 2021

666 of 2021

667 of 2021

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**Companies registered name:** Skinsmiths Clinics UK Limited,  
SKS Clinics UK Limited  
Earth Spa Limited

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**Trading name:** Skinsmiths

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**Registered number:** 10838014  
11031304  
03911284

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**Registered address:** 8th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL

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**Date of the Joint Administrators' appointment:** 8 March 2021

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**Joint administrators' names, addresses and contact details:** Rachael Wilkinson - PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading RG1 3JH  
David Robert Baxendale - PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT