

AMENDING

Rule 2.47

Form 2.24B (CH)

The Insolvency Act 1986

## Administrator's progress report

Name of Company  
Atlantis Health Care Limited

Company number.  
03731391

In the:  
High Court of Justice, Chancery Division  
[full name of court]

Court case number  
5970 of 2011

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

I/ We (a) Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London  
EC3V 3BT

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 11 July 2011

(b) 10 January 2012

Signed

  
Joint / Administrator(s)

Dated

26/1/12

### Contact Details:

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

Begbies Traynor (Central) LLP

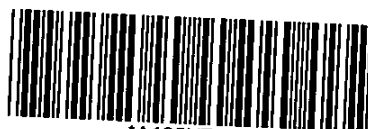
32 Cornhill, London, EC3V 3BT,

Tel Number 020 7398 3800

Fax Number 020 7398 3799 (Fax)

DX Number

When you have completed and signed this form please send it to the Registrar of Companies at  
Companies House, Crown Way, Cardiff, CF14 3UZ  
DX 33050 Cardiff



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21/02/2012

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COMPANIES HOUSE

TUESDAY

Kirstie Jane Provan and Mark Robert Fry were appointed Joint Administrators on 11 July 2011

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability.

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## **Atlantis Health Care Limited (In Administration)**

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Progress report of the Joint Administrators pursuant  
to Rule 2.47 and 2.112 of The Insolvency Rules  
1986

Period: 11 July 2011 to 10 January 2012

## **Important Notice**

This progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Atlantis Health Care Limited (In Administration)
"the administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 11 July 2011
"the Administrators"	Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none"><li>(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and</li><li>(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)</li></ul>
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986
"the Bank"	Barclays Bank Plc – Fixed charge holder

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## 2. STATUTORY INFORMATION

Name of Company	Atlantis Health Care Limited
Trading name(s)	Valentine House, Broadway, Silver End, Nr Witham, Essex, CM8 3RF ("Valentine")  Ramping Cat House, White Hill, Burford, Oxfordshire, OX18 4EX ("Ramping Cat")  Broomfield, Yardley Road, Olney, Buckinghamshire, MK46 5DX ("Broomfield")
Date of Incorporation	11 March 1999
Company registered number:	03731391
Company registered office	32 Cornhill, London, EC3V 3BT

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the Administrators	Kirstle Jane Provan and Mark Robert Fry, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of Administrators' appointment:	11 July 2011
Date of Administrators' resignation.	N/A
Court	High Court of Justice, Chancery Division
Court Case Number	5970 of 2011
Person(s) making appointment / application	Chetan Borkhatra (director), Valleyfield, Mount Park Road, Harrow on the Hill, HA1 3JU
Acts of the Administrators	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no previous extensions to the administration period.

## **4. PROGRESS DURING THE PERIOD**

Attached at Appendix 1 is our abstract of receipts and payments for the period from 11 July 2011 to 10 January 2012.

It should be noted that care home services are exempt from VAT, therefore the Company is not VAT registered and any VAT paid from the date of appointment will be unrecoverable. At present, unrecoverable VAT amounts to £24,150, including unrecoverable VAT in relation to the costs of trading.

All amounts detailed below are exclusive of VAT.

The details below relate to non-trading receipts and payments only. Details of the trading at each of the sites can be found in Section 5 and Appendices 2 & 3.

### **RECEIPTS AND PAYMENTS**

#### ***Non Trading Receipts***

##### **Cash at Bank**

The Company's Barclaycard account had a credit balance of £300 as at the date of appointment. This has now been transferred into the administration account.

##### **Residents' Funds**

The residents at Valentine are provided with spending money by either their relatives or the local council. These funds have historically been held on the residents' behalf by the Company. Therefore, for continuation, the Joint Administrators have set up a separate account to accommodate these funds and cash is withdrawn from the amounts held as and when the residents require. The amount currently held in this regard at present is £299. These funds do not form any part of realisations made in the administration and are not assets of the estate.

#### ***Non Trading Payments***

##### **Bank charges**

Total bank charges incurred during the period amount to £385.

##### **Statutory Advertising**

Statutory advertising costs have amounted to £77 and have been paid to Courts Advertising Limited.

## SALE OF PROPERTIES

Edward Symmons ("ES") have been instructed by the Joint Administrators as marketing and sale agents. The progress of the sales of each of the three homes is detailed further below.

As previously reported, the properties from which the Company trades are owned by CJB Investments Limited ("CJB"), an associated company. Therefore, sale proceeds will be apportioned between the properties and the Company owned assets. Any realisations apportioned to the sale of the actual buildings will not class as realisations in the administration estate, these funds will form part of the Joint Fixed Charge Receivership realisations and will fall under the Bank's fixed charge.

Creditors should note that the registrations with Care Quality Commission ("CQC") will need to be transferred to the purchasers of the care homes upon completion of sale contracts. Due to the nature of the business, CQC need to carry out certain enquiries into the proposed purchasers. We have been informed that transfers could take up to nine months to complete from application which could potentially delay completion of the sales.

Progress made to date in respect of three care homes is as follows:

### *Ramping Cat*

Although not during the reporting period, on 16 January 2012, a sale of Ramping Cat to a Mr and Mrs Nayar completed for £410,000. Details of the sale proceeds paid upon completion, excluding any amounts received in respect of the property are as follows:

Description	£
Business Intellectual Property	99
Contracts	1
Customer List	1
Equipment	12,999
Goodwill	999
Information Technology	1
Stock	199
Work in Progress	1
<b>TOTAL:</b>	<b>14,300</b>

The total amount received in respect of the property amounts to £395,700, which will form part of the Fixed Charge Receivership realisations as detailed above.

Please note that the above funds are currently being held in the client account of our solicitors, DLA Piper LLP ("DLA"), and will be transferred into the administration account in due course.

### *Broomfield*

The Administrators have accepted an offer for Broomfield which has been in progress since the beginning of November 2011. The CQC application has been submitted by the purchaser and is currently being processed. The Administrators are liaising with DLA as regards the purchaser's queries in order to progress the sale. It is proposed that further details of this will be included in the next report to creditors.

### **Valentine**

As previously reported, the Administrators had accepted an offer on Valentine which was being progressed at the time the proposals were circulated. The offer was subsequently reduced, and in light of this, the Administrators were advised to continue to actively market the home for sale as a going concern.

A higher offer has now been received and accepted and the Administrators anticipate the sale process to be fairly short due to the fact that the purchaser has funding in place and already owns a number of care homes, potentially reducing the length of the CQC application.

Whilst a substantial amount of interest has been received in respect of all three of the care homes, delays have been experienced for a number of reasons, and therefore, the sales have not progressed within the timescale that the Administrators had initially foreseen.

A further update on progress will be provided in the Administrators' next progress report due to be circulated in six months time.

## **5. TRADING**

All three homes have reported a loss for the period since administration. This is not unexpected and as previously reported, an overdraft has been agreed with the Bank in order to accommodate this. The post-appointment losses are largely due to the payment of pre-appointment wages.

The Administrators, together with Careport Advisory Services Limited ("Careport"), the agents instructed to manage the care homes on behalf of the Administrators, have implemented modest changes to the homes and undertaken small marketing exercises within the local communities. These steps have been taken to ensure that the quality of service is maintained at a high level and to enhance the profile of the homes, potentially increasing the level of interest received from prospective purchasers and to increase occupancy.

The Joint Administrators' account of trading receipts and payments to 10 January 2012 can be found at Appendix 2. This has been prepared on a cash basis and therefore details the actual transactions that have been passed through the administration accounts.

Trading accounts have also been prepared by Careport on an accruals basis and have been included at Appendix 3 for creditors' reference. The trading summary below is based on the accruals figures.

### **Ramping Cat**

As at the date of the sale, occupation at Ramping Cat was at 92% of its total capacity.

Fees received for the reporting period amount to £160,469 and total costs have amounted to £192,276, reporting a loss for the period of £31,807.

The following significant items of expenditure have been included within the above figure for costs:

- Employee wages amounting to £117,026



- Employee pre-appointment wages of £10,312
- Food costs of £5,694 for the period
- Heating and lighting costs have amounted to £6,101
- Repairs and maintenance costs amounting to £3,270
- Careport's fees for the management of Ramping Cat amounting to £22,396 for the period

#### **Broomfield**

The occupancy levels at Broomfield currently stand at 78% of total capacity.

Fees received for the period amount to £368,317 and total costs have amounted to £398,509, reporting a loss for the period of £30,192

The following significant items of expenditure have been included within the above figure for costs

- Employee wages amounting to £237,808
- Employee pre-appointment wages of £23,039
- Food costs of £18,995 for the period
- Heating and lighting costs for the period have amounted to £10,726
- Rates and water charges for the period have amounted to £7,151
- Repairs and maintenance costs amounting to £8,540
- Careport's fees for the management of Broomfield amounting to £44,009 for the period

#### **Valentine**

The current occupancy level at Valentine is 56%

Fees received for the period amount to £359,962 and total costs have amounted to £385,613, reporting a loss for the period of £25,651

The following significant items of expenditure have been included within the above figure for costs.

- Employee wages amounting to £206,997
- Employee pre-appointment wages of £22,288
- Heating and lighting costs for the period have amounted to £14,301.
- Food costs of £18,676 for the period
- Repairs and maintenance costs amounting to £7,120
- Rates and water charges for the period have amounted to £7,151
- Careport's fees for the management of Valentine amounting to £44,263 for the period

A breakdown of all of these costs can be found in Appendix 3

## 6. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors as at the date of appointment were provided in the Administrators' statement of proposals

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows

### **Secured creditor**

As previously explained, the properties from which the Company operates are owned by CJB and are subject to fixed charges with the Bank. Therefore any realisations made in respect of the properties will be paid to the Receivers, who shall distribute to the Bank under their fixed charge

Based on realisations of the Company's assets to date, excluding any anticipated realisations in relation to the properties, and anticipated future realisations, there will be insufficient funds to enable a distribution to the Bank under their fixed charge. However, a distribution is anticipated under the Joint Fixed Charge Receiverships upon the sale of the properties.

### **Preferential creditors**

As previously reported, the Joint Administrators are only aware of one preferential claim in respect of holiday entitlement for one of the employees made redundant upon appointment. This will be paid by the Redundancy Payments Office ("RPO") and, should there be sufficient floating charge realisations, payment may be made to the RPO in respect of this

At present, the Administrators anticipate that it is unlikely that a preferential dividend will be made

### **Prescribed Part for unsecured creditors pursuant to Section 176A of the Act**

Details of how the prescribed part for unsecured creditors is calculated were provided in the Administrators' statement of proposals

Based upon realisations to date and estimated future realisations the Joint Administrators do not consider that there will be any floating charge surplus, therefore no funds will be available to the unsecured creditors under the Prescribed Part.

### **Unsecured creditors**

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

Creditors should note that they might be eligible to obtain VAT bad debt relief on their debt six months after the date of supply or payment date if later, providing they have written the debt off in their accounts. The procedure does not involve the Joint Administrators and claims should be made directly to HM Revenue & Customs

## 7. PRE-ADMINISTRATION COSTS

The following amounts in respect of pre-administration costs were approved by the secured creditor on 31 August 2011 in accordance with Rule 2.67A of the Rules

Details of recipient	Description of services provided	Amount
Begbies Traynor (Central) LLP	Pre-administration time costs	£6,064
Begbies Traynor (Central) LLP	Pre-administration expenses	£110

It is proposed that the Administrators will be drawing the above costs within the next two weeks, once the monies from the business and assets element of the sale proceeds of Ramping Cat have been received into the administration bank account

## 8. THE ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

The Administrators' remuneration has been fixed by reference to the time properly given by them (as Administrators) and the various grades of their staff calculated at the prevailing Barclays Bank Plc panel rate of £205 per hour (increased from £195 per hour from September 2011) in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 4 of this report.

The Administrators time costs for the period from 11 July 2011 to 27 January 2012 amount to £121,428 which represents 608.80 hours at an average rate of £199.45 per hour

The Joint Administrators disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), are charged in accordance with their firms policy, details of which are set out at Appendix 4, as approved by the secured creditor on 31 August 2011

The Administrators have incurred £1,126 in disbursements to date, which have not yet been drawn

The following further information in relation to the Administrators' time costs and disbursements is set out at Appendix 4

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 11 July 2011 to 10 January 2012
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

The Administrators have not drawn any fees in respect of their time costs incurred to date

## 9. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred by the Administrators during the period of this progress report is attached at Appendix 5

### **Significant expenditure incurred to date**

#### **Agents**

The Joint Administrators instructed ES to carry out an agreed marketing process in respect of the Company's assets and their fees have been agreed at 1.5% of any realisations made plus VAT plus costs of marketing. Their fees will become payable upon completion of any sales, therefore, the amount of £6,595, in relation to the sale of Ramping Cat, will be apportioned between the administration and the Fixed Charge Receivership and paid to ES in due course.

#### **Solicitors**

DLA are acting on behalf of the Joint Administrators in relation to the sale of the Company's assets. They have been instructed on a time cost basis in accordance with Barclays Bank Plc's panel rates. Their outstanding time costs amount to £78,000 to date in relation to progressing the sales of each of the homes and to general administrative work.

Creditors should note that the above agent's and solicitor's costs relate to both the administration and the Joint Fixed Charge Receiverships previously detailed. Therefore, the above costs will be apportioned between the administration realisations and realisations made in the Joint Fixed Charge Receiverships.

## 10. ASSETS THAT REMAIN TO BE REALISED

As detailed in Section 4, the Administrators are currently progressing the sales of both Valentine and Broomfield.

Any sale consideration received in respect of the Company's chattel assets, customer lists, information technology, contracts and work in progress will form part of the administration proceeds. Consideration received in respect of the properties will form part of the Fixed Charge Receivership realisations which fall under the Bank's fixed charge.

## 11. OTHER RELEVANT INFORMATION

### **Report on Directors conduct**

As detailed in the Administrators' statement of proposals, the Administrators have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the director. The Administrators have complied with their duties in this respect.

### **Extension of administration**

The Administrators are seeking consent from the secured creditor of the Company for an extension of the administration period due to the delays that have been experienced in selling the care homes and the potentially long CQC registration periods.



#### **Proposed exit route from Administration**

As detailed above, the Administrators propose to extend the period of the administration, subject to the secured creditor's approval, following which they propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, their appointment as Joint Administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved

## **12. CREDITORS' RIGHTS**

#### **Right to request further information**

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court), may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

#### **Right to make an application to court**

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court), may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by the Administrators as set out in this progress report are excessive or, in relation to the basis fixed for the Administrators' remuneration, inappropriate

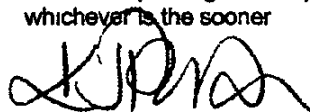
## **13. CONCLUSION**

Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months

In order to ensure that the objective of the administration is achieved and that we have fully discharged our duties as Administrators, it is necessary to extend the period of the administration. Accordingly we seek the secured creditor's consent to extend the period of the administration for 6 months following the anniversary of our appointment up to 10 January 2013

In the event that the secured creditor consents to extend the period, we will give notice of the extension to creditors

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner



Kirstie Jane Provan  
Joint Administrator

26/1/12

Date

APPENDIX 1

# ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 11 July 2011 to 10 January 2012

	Notes 5 of A / NBV	Receipts & Payments: 11 July 2011 to 10 January 2012	Estimated future receipts / payments	Total
	£	£	£	£
<b>Assets subject to fixed charge</b>				
Business Intellectual Property		-	298	298
Goodwill		-	2,998	2,998
			<b>3,296</b>	<b>3,296</b>
<b>Less</b>				
Agents' sales fees		-	(150)	(150)
Administrators' fees		-	(1,587)	(1,587)
Administrators' Expenses		-	-	-
Insurance		-	-	-
Legal fees		-	(1,000)	(1,000)
Balance of Trading Deficit		-	-	-
Unrecoverable VAT		-	(549)	(549)
			<b>(3,286)</b>	<b>(3,286)</b>
<b>Available to Bank under Fixed Charge</b>		<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b>Less</b>				
Due to the Fixed Charge Holder - Barclays Bank Plc		(6,658,581)	(6,658,581)	(6,658,581)
Distributions to the Fixed Charge Holder		-	-	-
<b>Surplus (Deficiency) c/d</b>		<b>(6,658,581)</b>	<b>(6,658,581)</b>	<b>(6,658,581)</b>
<b>Assets subject to floating charge</b>				
Cash at Bank		300	-	300
Furniture and equipment	18,557	-	95,998	95,998
Stock		-	1,198	1,198
Contracts		-	3	3
Customer List		-	3	3
Information Technology		-	3	3
Work in progress		-	3	3
Director's loan account	1	38,112	uncertain	uncertain
Trading surplus/deficit	2	(87,648)	(19,700)	(107,348)
		<b>(87,348)</b>	<b>76,506</b>	<b>(8,840)</b>
<b>Less</b>				
Administrators' fees	3	-	(30,000)	(30,000)
Legal fees	4	-	(10,000)	(10,000)
Agents fees		-	(1,500)	(1,500)
Statutory advertising		(77)	(173)	(250)
Postage costs		-	(500)	(500)
Storage and destruction		-	(500)	(500)
Bank charges		(385)	(250)	(635)
Insurance		-	(300)	(300)
Contingency		-	(3,000)	(3,000)
Unrecoverable VAT	5	(15)	(9,135)	(9,150)
<b>Available for preferential creditors</b>		<b>(87,828)</b>	<b>23,150</b>	<b>(64,678)</b>
<b>Preferential creditors</b>	6			<b>(800)</b>
<b>Net property</b>		<b>(87,825)</b>	<b>23,160</b>	<b>NIL</b>
<b>Less</b>				
Prescribed Part of net property for unsecured creditors		-	-	<b>NIL</b>
<b>Available to floating charge holder</b>		<b>(87,825)</b>	<b>23,160</b>	<b>NIL</b>
<b>Represented by</b>				
Administration Trading Accounts				18,023
Administration Current Account				300
				<b>18,323</b>

**Notes:**

- 1 Director's loan account assumed irrecoverable
- 2 Total recorded loss to date and anticipated loss going forward based on losses to the end of January for Ramping Cat and end of March for both Valentine
- 3 It is anticipated that the Administrators' fees will be recovered from realisations made in the LPA Receivership of the properties belonging to CJB.
- 4 It is anticipated that legal fees will exceed this figure. Any additional fees will be settled out of realisations made in the LPA Receivership of the properties belonging to CJB.
- 5 This figure does not include unrecoverable VAT from trading transactions
- 6 Estimated figure as awaiting claim from the RPO

All of the above figures have been recorded exclusive of VAT

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**ACCOUNT OF TRADING RECEIPTS AND  
PAYMENTS ON A CASH BASIS FOR THE  
PERIOD 11 JULY 2011 TO 10 JANUARY 2012**



**Atlantis Health Care Limited  
(In Administration)  
Joint Administrators' Trading Account  
To 10/01/2012**

S of A £	£	£
<b>POST APPOINTMENT SALES</b>		
Sales - Valentine House	338,167 62	
Sales - Broomfield	310,050 91	
Sales - Ramping Cat	150,469 26	
Petty Cash	910 00	
Third Party Monies - Rent Received	1,787 50	
	-----	801,385 29
<b>PURCHASES</b>		
Purchases - Valentine House	21,785 82	
Purchases - Broomfield	16,360 58	
Purchases - Ramping Cat	6,120 30	
	-----	(44,266 70)
<b>OTHER DIRECT COSTS</b>		
Sub Contractors	455.70	
Post Administration Wages	427,442.15	
	-----	(427,897.85)
<b>TRADING EXPENDITURE</b>		
Pre-Administration Wages	57,805 68	
Rates	6,870 20	
Heat & Light	13,837 35	
Training	1,254 30	
Telephone	1,463 62	
Insurance	86 10	
Professional Fees	74,311 04	
Bank Charges	180 38	
Hire of Equipment	4,623 58	
Repairs & Maintenance	6,399 96	
Sundry Expenses	20,764 16	
Duress Creditors - Broomfield	2,164 13	
Employees' Rents (deducted from Sala	1,787 50	
PAYE & NI	93,278 60	
Tfr to Broomfield residents' account	775 85	
Petty Cash	558 31	
Unrecoverable VAT - Trading	24,135 30	
	-----	(310,296 06)
<b>TRADING SURPLUS/(DEFICIT)</b>		<u><u>18,924.68</u></u>

# ACCOUNT OF TRADING RECEIPTS AND PAYMENTS ON AN ACCRUALS BASIS FOR THE PERIOD 11 JULY 2011 TO 10 JANUARY 2012

Profit & Loss Account	Notes	For the period from 11.07.11 to 10.01.12
		Actual £
Income		
Fee Receivable	1	688 748
Interest Receivable		0
Other Income		0
Total Income		<u>688 748</u>
Cost of Sales		
Food		46 066
Medical Consumables		6,847
Agency Workers		1 379
Wages		572 055
Staff Recruitment		654
Staff Training		1 756
Total Cost of Sales		<u>632 577</u>
Gross Profit		256 371
Overheads		
Admin Wages		56 484
Rent		0
Rates & Water		17 677
Insurance		6 482
Lighting and Heating		31 128
Telephone		3 731
Printing Stationery & Postage		3 396
Motor Expenses		243
Repairs & Maintenance		16 828
Clothing & Cleaning		11 341
Sundry Expenses		183
Registration Fee		0
Accountancy Fee		2 622
Legal & Professional Fees		1,602
Advertising		955
Entertaining		32
Bank Charges		984
Equipment Rent		7 063
Other	1	10 657
Contingency		0
Total Overheads		<u>184 126</u>
NET EBITDA		102 245
Depreciation		0
Loan Interest		0
Bank Interest		0
Property Rent		0
Exceptional Items		76 227
Bad Debts		0
Carport Fee	1	110 688
Net Profit		<u>(87 660)</u>
Taxation		0
Dividends		0
Profit Retained		<u>(87 660)</u>
KPI's		
Average Fee Income Per Week		5476
Occupancy Rate		73%
Staff Costs		85%
Other Direct Costs		6%
Admin Costs		17%
EBITDA		12%

## Notes:

1 - These figures include an estimate of the income and costs for the period 01.01.12 - 10.01.12 as the trading accounts are prepared on a monthly basis at the end of each month.

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## **ADMINISTRATORS' TIME COSTS AND DISBURSEMENTS**

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 11 July 2011 to 10 January 2012

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of London £150 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> Ibid 1

held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office for this assignment as at the date of this report are as follows:

<b>Grade of staff</b>	<b>£ per hour</b>
Partner 1	205
Partner 2	205
Director	205
Senior Manager	205
Manager	205
Assistant Manager	205
Senior Administrator	205
Administrator	205
Junior Administrator	205
Support	205

Prior to 1 September 2011 the following rates applied

<b>Grade of staff</b>	<b>£ per hour</b>
Partner 1	195
Partner 2	195
Director	195
Senior Manager	195
Manager	195
Assistant Manager	195
Senior Administrator	195
Administrator	195
Trainee Administrator	195
Support	195

The following rates are the standard rates applying to the London office as at the date of this report. However, the secured lender Barclays Bank Plc has negotiated a flat rate that will apply as long as the secured lender has a deficit on the sums due to it. In the event that the secured lender is paid in full, the rates charged will revert to our standard rates.

<b>Grade of staff</b>	<b>£ per hour</b>
Partner	495
Director	395
Senior Manager	365
Manager	315
Assistant Manager	270
Senior Administrator	235
Administrator	185
Trainee Administrator	160
Support	160

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units.

## **SUMMARY OF OFFICE HOLDERS' TIME COSTS**

CASE NAME: Atlants Health Care Limited  
CASE TYPE: ADMINISTRATION  
OFFICE HOLDERS: Kirstie Jane Provan and Mark Robert Fry  
DATE OF APPOINTMENT: 11 July 2011

### **1 CASE OVERVIEW**

- 1.1 This overview and the time costs analysis is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

#### **1.2 Complexity of the case**

As previously reported, the Joint Administrators instructed specialised agents to assist with the management of the ongoing trading at each of the care homes. The Joint Administrators have been carefully monitoring trading figures and have dealt with the payments of all trading purchases directly with the suppliers which has proven quite time consuming.

As detailed in the Administrators' proposals, the local authorities and CQC were contacted upon the Joint Administrators' appointment. Regular reports have since been provided to the local councils at their request by Careport.

As creditors are aware, it has been necessary for the Joint Administrators, together with Careport, to restructure the Company's accounts to produce a more accurate view of the Company's financial position.

As there are a significant amount of trade creditors with outstanding balances, the Joint Administrators have received a number of enquiries from creditors with regards to lodging their claims against the Company.

#### **1.3 Exceptional responsibilities**

Due to the nature of the Company's business the Administrators have closely monitored trading at each of the homes to ensure that high standards continue to be met.

Careport have been in regular contact with the CQC and the local councils on behalf of the Administrators in order to re-assure that residents' care has not been disrupted or compromised as a result of the administration.

#### **1.4 The office holders' effectiveness**

As set out in the main body of the report, the sale of Ramping Cat was completed on 16 January 2012 and sales of the Company's remaining two care homes are in progress. Details on any completed sales will be provided in the Administrators' next progress report which will be issued in approximately six months time.

**1 5 Nature and value of property dealt with by the office holders'**  
The Company trades from three properties, namely

Valentine House, Broadway, Silver End, Nr Witham, Essex, CM8 3RF  
Ramping Cat House, White Hill, Burford, Oxfordshire, OX18 4EX  
Broomfield, Yardley Road, Olney, Buckinghamshire, MK46 5DX

As previously reported, the properties belong to CJB Investments Limited and are being dealt with by the Fixed Charge Receivers appointed over the properties on 11 July 2011

The Company's interest in any assets other than the buildings will be realised as part of the administration. The Joint Administrators' anticipated outcome in this respect has been included in their estimated outcome statement at Appendix 1 of the proposals

**1 6 Anticipated return to creditors**  
***Secured creditor***

As above, the properties from which the Company operates are owned by CJB Investments Limited and are caught under the cross guarantee in favour of the Bank. Therefore any realisations made in respect of the properties will be paid directly to the Bank under their fixed charge

Based on realisations of the Company's assets to date, excluding any anticipated realisations in relation to the properties, and anticipated future realisations, there will be insufficient funds to enable a distribution to the Bank under their fixed charge. However, a distribution is anticipated under the Joint Fixed Charge Receiverships upon the sale of the properties

***Preferential creditors***

As previously reported, the Joint Administrators are only aware of one preferential claim in respect of holiday entitlement for one of the employees made redundant upon appointment. This will be paid by the Redundancy Payments Office ("RPO") and should there be sufficient floating charge realisations, payment may be made to the RPO in respect of this

At present, the Administrators anticipate that it is unlikely that a preferential dividend will be made

***Prescribed Part for unsecured creditors pursuant to Section 176A of the Act***

Details of how the prescribed part for unsecured creditors is calculated were provided in the Administrators' statement of proposals

Based upon realisations to date and estimated future realisations the Joint Administrators do not consider that there will be any floating charge surplus, therefore no funds will be available to the unsecured creditors under the Prescribed Part.

***Unsecured creditors***

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors

Creditors should note that they might be eligible to obtain VAT bad debt relief on their debt six months after the date of supply or payment date if later, providing they have written the debt off in their accounts. The procedure does not involve the Joint Administrators and claims should be made directly to HM Revenue & Customs



#### 1 7 Time costs analysis

An analysis of time costs incurred from 11 July 2011 to date prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

In addition to the post appointment time costs detailed in the time costs analysis, pursuant to rule 2 67(1)(c) of the Insolvency Rules 1986, the office holders' consider that the sum of £6,174 63 plus VAT is also properly recoverable in relation to work undertaken prior to their appointment consisting of determining whether it was reasonably likely that the purpose of administration would be achieved and completing the required statements of the proposed Joint Administrators. The sum is calculated as follows.

	Partners	Manager	Case Joint Administrators	Total Hours	Time Cost	Average Hourly Rate
Hourly Rate	£195	£195	£195			
Pre-appointment Time	11 20	2 50	17 40	31 10	£6,064 50	£195

In addition to the table above, the Joint Administrators incurred expenses amounting to £110 13.

The Administrators received approval from the secured creditor on 31 August 2011 to draw the above pre-administration fees

#### 1 8 The views of the creditors

The Joint Administrators have a duty to investigate the affairs of the insolvent Company, and to consider the conduct of the directors. The Joint Administrators welcome any correspondence or information from creditors to assist with their investigations into the affairs of the Company

The Joint Administrators will send progress reports to all known creditors every six months and will ensure that the secured creditor is kept fully apprised of any developments during the Administration

#### 1 9 Approval of fees

The Administrators' remuneration has been fixed by reference to the time properly given by them (as Administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompany this report at Appendix 2.

#### 1 10 Approval of Expenses and Disbursements

The Joint Administrators disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), are charged in accordance with their firm's policy, details of which are set out at Appendix 2, as approved by the secured creditor on 31 August 2011

#### 1 11 Other professionals employed & their costs

##### **Agents**

The Joint Administrators instructed ES to carry out an agreed marketing process in respect of the Company's assets and their fees have been agreed at 1 5% of any realisations made. Their fees

will become payable upon completion of any sales. Therefore, the Administrators will be settling ES's costs of £8,150 plus VAT in respect of the sale of Ramping Cat in due course.

#### **Solicitors**

DLA are acting on behalf of the Joint Administrators in the sale of the Company's assets. They have been instructed on a time cost basis in accordance with Barclays Bank Plc's panel rates. To date, their costs amount to £78,000. These fees have not yet been settled.

### **1.12 Staffing and management**

Appropriately experienced staff undertook the various tasks arising, to ensure that matters were properly dealt with at the least cost to the Administration. It is the policy of Begbies Traynor (Central) LLP that all grades of staff charge time which solely relates to the case. The analysis in the report seeks to give some indication of the various tasks undertaken by the Joint Administrators and their staff but is not intended to be, nor should be viewed as, an exhaustive list.

## **2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2.
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2.

## **3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT**

Since the date of the Joint Administrators' appointment, the following work has been carried out:

- All 'day 1' statutory compliance matters including notifications to creditors, advertising, filings at Companies House, filings at Court and bonding,
- All administration banking requirements,
- All insurance requirements over the Company's assets,
- Enquiries from creditors,
- Remained in regular contact with CQC and the relevant local councils; and
- Addressed the employees at each home to advise of the administration.

The Joint Administrators and their various levels of staff have also -

- Attended each of the homes to deal with all trading issues,
- Negotiated the sale of the Company's business and assets,
- Dealt with all trading transactions including payments to suppliers and employees' wages
- Instructed and liaised with agents and solicitors with regards to the valuation and appraisal of the sale of the Company's business and certain assets;
- Instructed and liaised with Careport with regards to the continued trading at each of the homes,
- Provided regular updates and reports to the Bank;
- Provided various undertakings for trading period liabilities,
- Liaised with the Company's bankers to recover cash at bank to obtain information and secure the balance of cash at bank,
- Conducted internal meetings to discuss case strategy and progress,
- Compiled detailed proposals and an estimated outcome statement to creditors in accordance with Schedule B1 - Para 49 (1) of the Insolvency Act, and
- Prepared a progress report for circulation to all known creditors.

[illegible]

## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Agent's fees	Edward Symmons	6,595	NIL	6,595
Legal fees	DLA Piper LLP	78,000	NIL	78,000
Insurance Costs	Insolvency Risk Services	8,373	NIL	8,373
	Willis Limited	4,012	NIL	4,012
Statutory advertising	Courts Advertising	77	77	NIL

Please note that the above schedule includes agent's and solicitor's fees that also relate to the Fixed Charge Receiverships detailed in the main body of the report. These expenses will be apportioned accordingly between the administration and the Fixed Charge Receiverships

The above amounts do not include trading expenses incurred

The above amounts are exclusive of VAT