

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)

1/ We (a) Kirstie Jane Provan of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
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) 1 November 2012

(b) 30 April 2013

Signed


Joint / Administrator(s)

Dated

7/5/13

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

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COMPANIES HOUSE

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

Atlantis Health Care Limited (In Administration)

Progress report pursuant to Rule 2.47 of the
Insolvency Rules 1986

Period: 1 November 2012 to 30 April 2013

Important Notice

This progress report has been produced to comply with our 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

<u>Expression</u>	<u>Meaning</u>
"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" "we" "our" and "us"	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"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (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)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986
"Careport"	Careport Advisory Services Limited, managing the trading of the care homes on behalf of the Administrators
"DLA"	DLA Piper LLP, solicitors instructed by the Administrators
"ES"	Edward Symmons LLP, agents instructed by the Administrators
"CJB"	CJB Investments Limited, owner of the properties from which the Company trades or has traded
"Receivership"	Law of Property Act Receiverships in respect of the properties from which the Company trades or has traded
"Receivers"	Kirstie Jane Provan and Mark Robert Fry, appointed Receivers over the properties from which the Company trades or has traded

2. COMPANY 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

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	The administration period was extended with the consent of creditors for a period of 6 months until 10 January 2013 and for a further period of 18 months by order of the court until 10 July 2014.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 November 2012 to 30 April 2013

As previously advised, it should be noted that care home services are exempt from VAT and therefore any VAT paid from the date of appointment will be irrecoverable

All amounts detailed below are exclusive of VAT and relate to non-trading receipts and payments only

RECEIPTS

Sale of property

As previously reported, the properties from which the Company traded were owned by CJB, an associated company. Therefore, sale proceeds have been apportioned between the properties and the Company owned assets. Any realisations apportioned to the sale of the actual buildings are not classed as realisations in the administration estate, and form part of the Joint Fixed Charge Receivership realisations, falling under the Bank's fixed charge.

On 21 December 2012, a sale of the only remaining care home, Valentine House, completed for £1,100,000. Details of the sale proceeds paid upon completion, excluding any amounts received in respect of the property, are as follows:

Description	£
Goodwill	249,400
Furniture and equipment	50,000
Stock	500
Intellectual property	100
TOTAL	300,000

The total amount received in respect of the property amounted to £800,000, which forms part of the Fixed Charge Receivership realisations as detailed above.

Associated costs

DLA fees for dealing with the sale contract amounted to £30,530 plus VAT. Their costs take into account the preparation work carried out in respect of aborted sales.

£19,788 has been paid to ES, the marketing agents instructed by the Administrators, in respect of the above sale. Their costs are made up of 1.5% of gross realisations together with disbursements of £3,288.

Creditors should note that the above sale associated costs were settled out of funds held in the LPA Receivership accounts and are therefore not included in the receipts and payments account at Appendix 1.

OTHER NON-TRADING RECEIPTS

Bank interest

Total interest received during the period on funds held in the administration accounts amounts to £44

PAYMENTS

Administrators' fees and disbursements

See Section 7 for details

Legal fees

£5,556 has been paid to DLA in respect of their fees for advising the Administrators on various matters throughout the course of the administration, including the extension to the Administration sought from the High Court of Justice, Chancery Division, in October 2012

Irrecoverable VAT

Total irrecoverable VAT for the period amounts to £24,363 of which £8,990 relates to trading expenditure

Distributions

Distributions totalling £151,000 have been made to Barclays Bank Plc, the secured creditor, during the reporting period

Inter-account transfers

£60,189 was transferred from fixed charge realisations into the Valentine trading account in order to subsidise ongoing trading at Valentine

It should be noted that although certain costs of the administration have been settled out of the Fixed Charge Receivership funds, as detailed in the Administrators' proposals, there are cross guarantees in place between both the Company and CJB in respect of the indebtedness to the Bank. Any amounts outstanding to the Bank can be demanded by the Bank from both companies. Further, there will not be any distribution to the unsecured creditors of the Company. The Administrators have not at this stage sought to allocate the costs between the Fixed Charge Receiverships and the administration as it would have no net effect on the Bank's position.

5. TRADING

As previously reported, all three care homes traded at a loss in agreement with the Bank, who agreed to meet any trading loss from fixed charge proceeds as necessary. The Joint Administrators were advised by ES that continuing to trade maximised the realisable value of the homes for the secured creditor by a considerable margin. The losses incurred were not unexpected and an overdraft was agreed with the Bank upon appointment in order to accommodate this.

The final combined trading loss for the three homes for the duration of the Administration amounts to £168,894. This figure assumes that the outstanding balance of £1,386 from one trading debtor, detailed in Section 9, is received.

Trading losses during the reporting period amounted to £55,825. These losses relate to Valentine House only as the other two homes were sold prior to this reporting period.

Total residents' fees received during the period amounted to £82,975 and total costs amount to £138,686.

Significant items of expenditure incurred were as follows

- Wages - £53,908
- PAYE & NI - £14,417
- Heating and lighting - £15,972
- Food - £8,162
- Repairs and maintenance - £4,155
- Careport's fees - £13,694

An account of trading receipts and payments for the reporting period together with a consolidated trading account for the duration of the administration can be found at Appendix 2

6. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors 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 detailed in the Administrators' previous reports, the properties from which the Company operated were owned by CJB and were subject to fixed charges with the Bank. Therefore, realisations made in respect of the properties were paid to the Receivers, who made a distribution to the Bank under their fixed charges

The Administrators previously estimated that there would be insufficient fixed charge realisations in the administration to enable a distribution to the Bank under their fixed charge. However, the sale consideration in respect of goodwill for both Broomfield and Valentine was substantially higher than initially anticipated, enabling distributions totalling £356,000 to be made to the Bank under their fixed charge. £151,000 of this was distributed during the reporting period.

The Administrators will make a final distribution to the Bank in due course of approximately £13,000, provided that no unforeseen circumstances arise which have a material effect on the estimated net funds available to the Bank under their fixed charge.

The above outcome is more favourable than the director had estimated in his statement of affairs due to the director not attributing any value to goodwill.

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 has been paid by the Redundancy Payments Office ("RPO"). The Administrators consider that there will be insufficient realisations to enable a preferential distribution to 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 our statement of proposals

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be Nil and 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. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing Barclays Bank Plc panel rates in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 3 of this report

Our time costs for the period from 1 November 2012 to 30 April 2013 amount to £12,792 which represents 62.4 hours at an average rate of £205 per hour

Our time costs for the duration of the administration to date amount to £171,768.50 which represents 852.9 hours at an average rate of £201.39 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 3

- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements, and
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred,
- ☐ Table of time spent and charge-out value for the period 1 November 2012 to 30 April 2013,
- ☐ Table of time spent and charge-out value for the period 11 July 2011 to 30 April 2013

To date, we have drawn the total sum of £115,087.50 plus disbursements of £1,768.56 on account. The Administrators anticipate that in excess of £50,000 of their final time costs will be written off

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £533.25 are provided in the narrative summary of time costs incurred which is at Appendix 3

A copy of 'A Creditors' Guide to Administrators' Fees (E&W) 2010' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 4

SIGNIFICANT EXPENDITURE INCURRED DURING THE REPORTING PERIOD

Sale associated costs

As detailed above, legal fees in relation to the sale of Valentine amounted to £30,530 and agent's fees amounted to £19,788

All of the above costs have been settled out of funds held in the Fixed Charge Receivership account of Valentine

Agent's fees

£13,694 has been paid to Careport during the reporting period in respect of their fees for the management of Valentine. From the commencement of the administration to date, their fees have amounted to £188,629 in respect of the three homes

9. ASSETS THAT REMAIN TO BE REALISED

Deferred consideration

As creditors may recall, deferred consideration of c £60,000 in relation to a transaction that took place prior to the Company entering into administration, was due to be received on 2 March 2013

The funds were not received on the relevant date and therefore the Administrators have instructed solicitors to pursue the debt

As the recoverability of the above debt is currently uncertain, for prudence, the potential realisation has been omitted from the estimated outcome statement at Appendix 1

Trade debt

£1,386 remains due to the Company in respect of outstanding fees in relation to a resident at Valentine House. The Administrators anticipate that this will be received in full however the timing of recovery is currently uncertain as the debtor is making payments in instalments

10. OTHER RELEVANT INFORMATION

Submission in respect of the Director's conduct

As detailed in our statement of proposals, we have a duty to make a submission 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 administration was been extended for a period of 6 months with the consent of creditors and the Administrators applied to Court for a further extension of 18 months to 10 July 2014 which the court granted

Proposed exit route from administration

The Administrators still consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as they are satisfied that they have fully discharged their duties as Joint Administrators and that the purpose of the administration has been fully achieved, 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 them 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.

Should it transpire that there are indeed surplus funds enabling a distribution to the unsecured creditors, and the Joint Administrators are satisfied that they have fully discharged their duties as Joint Administrators and that the purpose of the administration has been fully achieved, the Joint Administrators propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as Joint Administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation.

11. 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 we provide further information about our 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 as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

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

Dated

7 May 2013

RÉCEIPTS AND PAYMENTS ACCOUNT FOR THE REPORTING PERIOD INCORPORATING AN ESTIMATED OUTCOME STATEMENT

Notes		SofA / NBV	Receipts & Payments 1 November 2012 to 30 April 2013	Receipts & Payments 11 July 2011 to 30 April 2013	Estimated future receipts / payments	Total
		£	£	£	£	£
Assets subject to fixed charge						
Business Intellectual Property			100	297	-	297
Goodwill			249,400	613,798	-	613,798
Bank Interest			39	58	-	58
			<u>249,539</u>	<u>614,153</u>	<u>-</u>	<u>614,153</u>
Less						
Agents' sales fees			-	-	-	-
Administrators' fees			(64,609)	(95,088)	(10,000)	(105,088)
Administrators' expenses			-	-	-	-
Legal fees			-	(8,723)	-	(8,723)
Bank charges			-	(15)	-	(15)
Irrecoverable VAT			(12,922)	(20,762)	(2,000)	(22,762)
Transfers to cover trading deficit			(60,189)	(107,876)	-	(107,876)
			<u>111,819</u>	<u>381,690</u>	<u>(12,000)</u>	<u>369,689 66</u>
Available to Bank under Fixed Charge						
Due to the Fixed Charge Holder - Barclays Bank Plc			(6,668,581)	(6,668,581)	(6,668,581)	(6,668,581)
Distributions to the Fixed Charge Holder			151,000	356,000	13,689 66	369,689 66
			<u>(6,517,581)</u>	<u>(6,312,581)</u>	<u>(6,654,891)</u>	<u>(6,298,891)</u>
Deficiency c/d						
Assets subject to floating charge						
Cash at Bank			-	300	-	300
Furniture and equipment		18,557	50,000	98,999	-	98,999
Stock			500	1,198	-	1,198
Contracts			-	2	-	2
Customer list			-	2	-	2
Information technology			-	2	-	2
Work in progress			-	2	-	2
Bank interest			5	13	-	13
Utilities refund			-	347	-	347
Sundry receipt			-	-	-	-
Insurance contribution re flood damage			-	1,330	-	1,330
Deferred consideration		1	-	-	uncertain	uncertain
Trf of funds from Ramping Cat LPA re Administrators' fees			-	18,000	-	18,000
Trf from LPA Receiverships and fixed charge to cover trading deficit			60,189	128,995	-	128,995
Trading deficit		2	(55,825)	(170,280)	1,386	(168,894)
			<u>54,869</u>	<u>78,910</u>	<u>1,386</u>	<u>80,296</u>
Less						
Administrators' fees			(5,000)	(20,000)	-	(20,000)
Administrators' disbursements			(1,769)	(1,769)	(2,500)	(4,269)
Legal fees			(5,556)	(6,446)	-	(6,446)
Agents fees			-	-	-	-
Statutory advertising			-	(77)	-	(77)
Bank charges			-	-	-	-
Insurance			-	-	-	-
Insurance pay out re flood damage			-	(1,580)	-	(1,580)
Irrecoverable VAT		3	(2,451)	(5,644)	(500)	(6,144)
Part re-payment of loans from fxd realisations			-	-	(41,780)	(41,780)
			<u>40,093</u>	<u>43,394</u>	<u>(43,394)</u>	<u>-</u>
Available for preferential creditors						
Preferential creditors			-	-	-	-
Net property			<u>40,093</u>	<u>43,394</u>	<u>(43,394)</u>	<u>NIL</u>
Less Prescribed Part of net property for unsecured creditors			-	-	-	NIL
Available to floating charge holder			<u>40,093</u>	<u>43,394</u>	<u>(43,394)</u>	<u>NIL</u>
Represented by						
Administration Trading Account						1,746
Administration Floating Charge Account						41,648
Administration Fixed Charge Account						25,690
						<u>69,084</u>

Notes

- 1 The recoverability of the deferred consideration is currently uncertain as detailed in the main body of the report
- 2 The future receipt relates to one debtor who is paying their outstanding fees in instalments
- 3 This figure does not include irrecoverable VAT from trading transactions

ACCOUNT OF TRADING RECEIPTS AND PAYMENTS

Period 1 November 2012 to 30 April 2013

	From 01/11/2012 To 30/04/2013 £	From 11/07/2011 To 29/04/2013 £
<u>POST APPOINTMENT SALES</u>		
Sales - Valentine House	82,975	887,897
Sales & Government grants - Broomfield	-	679,772
Sales - Ramping Cat	-	165,072
Petty Cash	(424)	999
Third Party Monies - Rent Received	-	1,788
Bank interest	-	-
Valentine residents' funds	310	1,779
	82,862	1,737,307
<u>PURCHASES</u>		
Purchases - Valentine House	8,162	60,967
Purchases - Broomfield	-	34,908
Purchases - Ramping Cat	-	7,733
Broomfield & Valentine apportionment	11,788	32,932
	19,950	136,540
<u>OTHER DIRECT COSTS</u>		
Sub Contractors	-	2,879
Post Administration Wages	53,908	987,596
	53,908	990,475
<u>TRADING EXPENDITURE</u>		
Pre-Administration Wages	-	57,672
Rates	1,055	9,173
Heat & Light	15,972	66,871
Training	-	2,412
Telephone	311	4,148
Insurance	-	86
Professional Fees (Careport Advisory Services)	13,694	188,692
Bank Charges	449	672
Hire of Equipment	780	11,244
Repairs & Maintenance	4,155	17,486
Sundry Expenses	5,005	71,720
Vehicle Running Costs	-	138
Duress Creditors - Broomfield	-	2,164
Employees' Rents (deducted from Salaries)	-	1,788
PAYE & NI	14,417	252,355
Tfr to Broomfield residents' account	-	776
Broomfield Social Care Grant	-	12,473
Petty Cash	-	758
CQC Registration Fees	-	11,673
Irrecoverable VAT - Trading	8,990	68,272
	64,828	780,573
TRADING DEFICIT	(55,825)	(170,280)

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 1 November 2012 to 30 April 2013
- e Table of time spent and charge-out value for the period 11 July 2011 to 30 April 2013

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 guidance¹ 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 guidance² 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 £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 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.

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

² Ibid 1

- in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements

(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

Grade of staff	£ per hour
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

Grade of staff	£ per hour
Partner 1	195
Partner 2	195
Director	195
Senior Manager	195
Manager	195
Assistant Manager	195
Senior Administrator	195
Administrator	195
Junior 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.

Grade of staff	£ per hour
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 Atlantis 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 attached 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

Throughout the reporting period, the Administrators have continued to monitor ongoing trading at Valentine, implementing amendments to processes where necessary in order to facilitate the continued trading at minimal loss. The Administrators have also dealt with the payments of all trading purchases directly with the suppliers which has proven time consuming.

The sale of Valentine House took more time than the Administrators had initially anticipated due to various reasons such as the local council ceasing to provide referrals to the home, purchasers pulling out of sale and the general economic climate which has materially affected potential purchasers' ability to raise funds.

1.3 Exceptional responsibilities

Due to the nature of the Company's business it has been necessary for the Administrators to closely monitor the trading position at Valentine House to ensure that high standards continue to be met.

1.4 The office holders' effectiveness

As previously reported the Administrators completed sales of both Ramping Cat and Broomfield and during the reporting period a sale of Valentine also completed.

1.5 Nature and value of property dealt with by the office holders

The Company traded from

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

As previously reported, all of the above properties belong to CJB and are subject to Fixed Charge Receiverships.

The sale of Ramping Cat to Mr and Mrs Nayar completed on 16 January 2012 for £410,000 Details of the sale proceeds paid upon completion, excluding any amounts received in respect of the property are as follows

Description	Value (£)
Business Intellectual Property	99
Contracts	1
Customer list	1
Equipment	12,999
Goodwill	999
Information Technology	1
Stock	199
Work in Progress	1
Total	14,300

The sale of Broomfield to Cawood Investments Limited and Eminence Care Service (Broomfield) Limited completed on 15 June 2012 for £1,250,000 Details of the sale proceeds paid upon completion, excluding any amounts received in respect of the property are as follows

Description	Value (£)
Business Intellectual Property	98
Contracts	1
Customer list	1
Equipment	36,000
Goodwill	363,399
Information Technology	1
Stock	499
Work in Progress	1
Total	400,000

The sale of Valentine to Black Swan International Limited completed on 21 December 2012, a sale of the only remaining care home, Valentine House, completed for £1,100,000 Details of the sale proceeds paid upon completion, excluding any amounts received in respect of the property are as follows

Description	Value (£)
Goodwill	249,400
Furniture and equipment	50,000
Stock	500
Intellectual property	100
Total.	300,000

16 Anticipated return to creditors

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 detailed in the Administrators' previous reports, 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 charges

The Administrators previously estimated that there would be insufficient fixed charge realisations in the administration to enable a distribution to the Bank under their fixed charge. However, the sale consideration in respect of goodwill for both Broomfield and Valentine was substantially higher than initially anticipated, enabling distributions totalling £356,000 to be made to the Bank under their fixed charge. £151,000 of this was distributed during the reporting period.

The Administrators will make a final distribution to the Bank of approximately £13,000. This is provided that no unforeseen circumstances arise which could have a material effect on the estimated net funds available to the Bank under their fixed charge.

The above outcome is more favourable than the director had estimated in his statement of affairs due to the director not attributing any value to goodwill.

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 has been paid by the Redundancy Payments Office ("RPO"). The Administrators consider that there will be insufficient realisations to enable a preferential distribution to be made.

The Administrators still consider that there will be insufficient realisations to enable a preferential distribution to 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 our statement of proposals.

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be Nil and 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 between November 2012 to 30 April 2013 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

1 8 The views of the creditors

The Administrators have since their appointment written to creditors formally advising them of their appointment and circulated progress reports in accordance with statutory requirements. The Administrators have also responded to any queries received from creditors.

1 9 Approval of fees

The Administrators obtained approval from the secured creditor for their remuneration to be 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 rates 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.

The secured creditor approved the above remuneration on 31 August 2011.

1 10 Approval of expenses and disbursements

Similarly, the Administrators with approval of the secured creditor 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.

1 11 Category 2 Disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since my last report to creditors.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – travelling to each of the care homes upon appointment and subsequently to monitor trading	533 25
TOTAL	533 25

1 12 Other professionals employed & their costs

Solicitors

As detailed above, DLA's fees in respect of the sale of Valentine House amounted to £30,530. These costs have been settled out of funds held in the Fixed Charge Receivership account of Valentine.

Agents

£13,694 has been paid to Careport during the reporting period in respect of their fees for the management of Valentine.

ES' fees in relation to the sale of Valentine amounted to £19,788 and have been settled out of funds held in the Fixed Charge Receivership account of Valentine

1 13 Staffing and management

Appropriately experienced staff continue to undertake the various tasks that arise during the course of the administrations to ensure matters are properly dealt with at the least cost to the estates. It is the policy of Begbies Traynor that all grades of staff charge time which solely relates to the case. The analysis later in the report seeks to give some indication of the various tasks undertaken by the Administrators and their staff but is not intended to be, nor should be viewed as, an exhaustive list

2. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of our last report, the following work has been carried out

- Ensuring compliance with professional standards,
- Ensuring compliance with all statutory duties,
- The handling of receipts and payments,
- Preparing statutory reports,
- Dealing with creditors' queries,
- Monitoring ongoing trading at Valentine,
- Liaising with Careport regarding any trading issues,
- Liaising with DLA and ES in relation to the sale of Valentine, and
- The day-to-day running of the administration

Average hourly rate £	205 00	205 00	205 00	205 00	205 00
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201 39

STATEMENT OF ADMINISTRATORS' EXPENSES

Expenses incurred between 1 November 2012 to 30 April 2013

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Postage costs	Royal Mail	86	73	13
Legal fees	DLA Piper LLP	5,556	5,556	NIL
Bonding	Willis Limited	10	5	5
Storage of Company records	Archive Solutions Ltd	5	2	3
Total		5,657	5,636	21

Please note that the above does not include trading expenses