

The Insolvency Act 1986

# Notice of extension of period of administration

Name of Company <b>Adiwell Limited</b>	Company number <b>05167787</b>
In the High Court of Justice, Chancery Division, Manchester District Registry  [full name of court]	Court case number <b>2987 of 2015</b>

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

I/We (a) Kerry Bailey of BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT and Sarah M Raymont of BDO LLP, 55 Baker Street, London, W1U 7EU

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) Adiwell Limited c/o BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT ("the Company")(c) Insert date of appointment  
(d) Insert name of appointor/  
applicanton (c) 14 September 2015 by (d) the Qualifying Chargeholder

hereby give notice that the administration has been extended:

\* ~~by order of the court~~

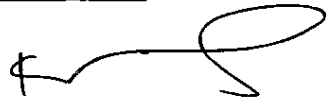
\* with the consent of the company's creditors

\* Delete as applicable

(e) Insert date

until (e) 13 September 2017

Signed

  
 Joint/administrator(s)

Dated

13.9.16

## 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.

BDO LLP, 3 Hardman Street, Manchester, M3 3AT	
Our Ref	KB/HO/AW/VS/C15
Tel	
DX Number	DX Exchange



A13

\*A5FJXJLF\*

15/09/2016

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COMPANIES HOUSE

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

DX 33050 Cardiff

THURSDAY



Tel +44 (0)161 817 7500  
Fax +44 (0)161 817 7683  
www.bdo.co.uk

3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

**Private and Confidential**

TO ALL KNOWN CREDITORS

25 August 2016

Our ref. 8780/AW/KB/00255534

Please ask for Anne Williams  
0161 833 8332  
Email [anne.williams@bdo.co.uk](mailto:anne.williams@bdo.co.uk)

Dear Sirs

**Adiwell Limited ("the Company")  
(In Administration)**

It is now eleven months since my appointment in respect of the Company. The Administration of the Company would end automatically on 13 September 2016 but as there are matters which remain outstanding, the Administrators are requesting the consent of each secured creditor to extend the Administration for a period of twelve months.

In accordance with Rule 2.112 of the Insolvency Rules 1986, the Administrators are now reporting on the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

This report should be read in conjunction with the Administrators' report and proposals circulated in November 2015 and the last progress report dated 3 June 2016. The proposals contained the background to the Administration and information regarding the Company's trading history.

## **1 Statutory Information**

The Joint Administrators are Kerry Bailey and Sarah M Rayment ("the Administrators") of BDO LLP, 3 Hardman Street, Manchester, M3 3AT and they were appointed in respect of the Company on 14 September 2015. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Administrators were appointed by West Bromwich Commercial Limited ("WBCL") being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, Manchester District Registry and the court case number is 2987 of 2015.

The Company's registered office is situated at c/o BDO LLP, 3 Hardman Street, Spinningfields, Manchester and the registered number is 05167787.



25 August 2016

## 2 Receipts and Payments

Enclosed, for your information, is a summary of the receipts and payments to date showing a balance in hand of £298,933, together with a copy of the abstract account covering the period since the last report.

### *Receipts*

The key receipts relating to the Company's property assets in this reporting period are detailed later in the report

An insurance refund of £5,013 has been received by the Administrators following the sale of Brook Meadow Hotel. Nominal amounts of bank interest totalling £134 have also been received, together with sundry refunds of £562.

### *Payments*

The Administrators have paid £3,265 of legal fees to Addleshaw Goddard, for work carried out in respect of the sale 96 High Road, Ilford. Allsop LLP have been paid £14,700 in respect of sales commission for the Ilford property and costs of £1,600 plus VAT for acting in relation to the disposal at auction

Ground rent of £706 has been paid to Waverley Council in respect of a leasehold property subject to HSBC Bank Plc's ("HSBC") legal charge.

Sundry payments of £275 have been paid in respect of professional and property maintenance matters.

## 3 Future of the Administration

### *Property Portfolio*

As previously reported, at the date of appointment the Company's property portfolio comprised eleven commercial properties, including a trading hotel and one mixed use commercial/residential property in Ilford. Of the twelve properties, four were subject to WBCL's security with the remaining eight subject to legal mortgages held by HSBC (collectively, "the Banks"). All of the properties were fully let.

The hotel was sold in November 2015, with two further properties being sold in January and February 2016. All three properties were subject to HSBC's legal charges. Since the date of the last report, 96 High Road, Ilford which was also subject to HSBC's legal charge has been sold at auction, achieving £1,470,000. The sale proceeds after costs have been remitted to HSBC.

The properties continue to be assessed on an individual basis and the Banks are considering their options.

25 August 2016

*Trading during Administration*

Rental invoices for the June and September 2016 quarters have been issued and rental income totalling £402,169 has been received in respect of the March and June quarters

As detailed in the Administrators' previous report, the hotel was subject to a management agreement with Bespoke Hotels Limited which required the Company to make contributions to cover any losses and ensure essential payments were made.

As October and November are a traditionally quiet period of trading for the hotel industry, it was anticipated that there would be a trading loss for those months. These costs of £26,470 were paid on 29 March 2016 as reflected in the receipts and payments account.

Any other property expenses incurred have been defrayed from rental income received or from funds deposited with the Administrators by the relevant chargeholder for that purpose

*Other matters*

The Administrators have submitted VAT returns to HM Revenue and Customs for the quarters ending 31 January and 30 April 2016 and have paid the resulting liabilities due. The next return is due for quarter end 31 July 2016 and is being prepared. In addition, it will be necessary to prepare a Partially Exempt Annual Adjustment return and this will be submitted by the end of August 2016.

*Purpose of the Administration*

The Administrators continue to perform their functions with the objective of achieving the statutory purpose of the Administration, in this case realising property in order to make a distribution to one or more secured or preferential creditors.

**4 Prospects for Creditors***Secured Creditors*

WBCL hold legal charges over four of the properties in the portfolio. They also hold deeds of rental assignment in respect of those properties. In addition, they hold a floating charge debenture over the assets and undertaking of the Company. At the date of appointment, WBCL were owed £12,117,000

The Administrators have distributed a further £198,375 to WBCL under the deeds of rental assignment, bringing the total distributed to date to £570,990.

HSBC hold legal charges over the remaining four properties in the Company's portfolio. At the date of appointment, HSBC were owed £11,146,000.

In this period, the Administrators have distributed a further £1,634,393 to HSBC under their legal charges, bringing the total distributed to £3,666,823.

It is anticipated that the Banks will suffer a shortfall on their lending

25 August 2016

*Preferential creditors*

There will not be any preferential claims in this matter, as the Company did not have any employees

*Unsecured Creditors*

The Administrators have received one claim for £40 from a utility company relating to a property that was empty for a short period of time. It is possible that there may be other claims of this nature, but the quantum of such claims is likely to be nominal. The Administrators will undertake the formal process of advertising for and agreeing creditor claims in due course.

*HM Revenue and Customs*

The final pre-administration VAT return has been completed and submitted. The return includes an output tax liability in respect of the September quarter rent demands which has been calculated at £42,839. The Administrators are awaiting confirmation from HMRC of their claim in the administration.

*Prescribed Part*

Under the provisions of Section 176A of the Insolvency Act 1986 the Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003. All floating charges registered against the Company were created after 15 September 2003, so the provisions of the prescribed part will apply.

Advice was received from Addleshaw Goddard that the September quarter rents were to be treated as subject to the Banks' floating charge securities but ongoing rent would be subject to their fixed charges. Therefore, the Administrators estimate that after allowing for costs the value of the Company's net property will be approximately £307,000 and this means that the prescribed part should be £64,000.

**5 Administrators Remuneration and Disbursements**

Attached is a schedule that summarises the time that has been spent in dealing with matters arising in this Administration up to 2 August 2016. This shows a total of £162,249, being 589 hours at an average charge out rate of £275 per hour.

The Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Administrators have to deal, by reference to the time the Administrators and their staff spend in attending to matters in this administration or a fixed amount. Remuneration may be fixed on one or a combination of any of the foregoing bases.

Where no meeting of creditors is being convened because there will be insufficient property to enable a distribution to be made to unsecured creditors (other than by reason of the prescribed part which is mentioned above) the Administrators' remuneration and any category 2

25 August 2016

disbursements will be subject to the approval of the secured creditors as set out in Rule 2 106(5A)(a) of the Insolvency Rules 1986

The Administrators have sought approval of our remuneration from the Banks directly and have reached agreement regarding the level and basis of fees

To date, the Administrators have drawn £20,000 plus VAT in respect of their remuneration, £10,000 during the period of this report. Approval has been received for a further £23,790 plus VAT to be drawn.

A creditors' guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees can be obtained by visiting our website. The relevant guide can be accessed through [www.bdo.co.uk/cgtf](http://www.bdo.co.uk/cgtf) BDO LLP's policy on fees is attached for your attention.

Disbursements are reimbursement of precise costs we have had to meet. Where disbursements are recovered in respect of sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements

Since the date of appointment, a total of £489 has been incurred respect of category 1 disbursements as follows.

	£
Land Registry search fees	207
Insolvency Bond	200
Statutory Advertising	82

The statutory advertising has been drawn, as can be noted from the receipts and payments account. The remainder of the disbursements have yet to be drawn.

## 6 Investigations

In accordance with their statutory duties, the Administrators have investigated the affairs of the Company and the conduct of its directors. A report has been submitted to the Secretary of State, however the content of the report is confidential.

The Administrators will continue to investigate the affairs of the Company and in this regard, should creditors wish to bring to our attention any matters that merit investigation, they should contact the Administrators c/o BDO LLP, 3 Hardman Street, Manchester, M3 3AT quoting reference 00255534

## 7 Extension of the Administration

The objective set out in the proposals, realising property in order to make a distribution to one or more secured or preferential creditors is still being pursued.

Through continuing the Company's operations and the sales of the properties in the portfolio, the Administrators have been able to make distributions to the secured creditors and continue to pursue objective (c) as detailed in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986.

The Administration is due to end on 13 September 2016 but it is unlikely that all matters will be completed by that date. Pursuant to Paragraph 76(2)(b) of Schedule B1 of the Insolvency Act

25 August 2016

1986, the Administrators therefore request the consent of the secured creditors to an extension of the Administration.

As it is presently envisaged that there will be no distribution to the unsecured creditors (other than by virtue of the prescribed part), once all realisations are completed or there is no prospect of future realisations and all funds have been distributed, the Administrators propose that they would then make the necessary arrangements for the Company to be dissolved and removed from the Companies Register pursuant to paragraph 84 of the Schedule

However, if it is the Administrators' belief that it will not be possible to realise all the Company's assets prior to the expiration of the administration (whether extended previously or not with creditors' consent or by the court) and it is most cost effective to place the Company into liquidation, then the Administrators will make an application to the court to end the Administration subject to the provisions of Paragraph 79 of the Schedule and for the Company to be wound-up. The Administrators may, if they so desire, request that they be appointed Liquidators pursuant to Section 140(1) of the Insolvency Act 1986.

#### **8 Other matters**

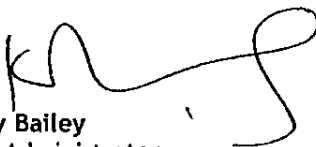
The Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment.

A copy of the code is at: <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to me but are not satisfied with the response from me you should visit [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner) where you will find further information on how you may pursue the complaint

Should you require any further information, please contact Anne Williams of this office

Yours faithfully



Kerry Bailey  
Joint Administrator  
For and on behalf of BDO LLP

Authorised in the UK by the Institute of Chartered Accountants in England & Wales

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**2.24B**

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Adiwell Limited

Company number

05167787

In the  
High Court of Justice, Chancery Division,  
Manchester District Registry

(full name of court)

Court case number  
2987 of 2015(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a)  
Kerry Bailey  
BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3ATSarah M Rayment  
BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

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

From

To

(b) Insert date

(b) 14 March 2016

(b) 25 August 2016

Signed

Joint / Administrator(s)

Dated

**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 used by Companies House to contact you if there is a query on the form

Kerry Bailey  
BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

DX Number

01618 177 500  
DX Exchange

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**

THURSDAY





## Adiwell Limited - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency

The current charge out rates per hour of staff within my firm, who may be involved in working on the insolvency, follows:

GRADE	£
Partner	508
Senior Manager	300-326
Manager	224-255
Assistant Manager/Senior Executive	202
Administrator	172
Other staff	69

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

### 1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.



## 2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

## 3) Category 2

These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage, internal room hire, storage and photocopying and printing.

Where staff use either their own vehicles or company cars in travelling connected with the insolvency a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP  
2 August 2016

**Adiwell Limited**  
**(In Administration)**

**Summary of Receipts & Payments**

RECEIPTS	Statement of Affairs (£)	From 14/09/2015 To 13/03/2016 (£)	From 14/03/2016 To 03/08/2016 (£)	Total (£)
Freehold Land & Property	15,195,000.00	1,260,000.00	1,470,000.00	2,730,000.00
Rental Income		296,194.72	402,169.48	698,364.20
Leasehold Property		875,000.00	0.00	875,000.00
Funding from West Brom		12,640.09	0.00	12,640.09
Book debts		347,132.50	0.00	347,132.50
Insurance Refund		0.00	5,013.42	5,013.42
Interest Gross		26.15	78.71	104.86
Bank Interest Net of Tax		195.95	55.47	251.42
Sundry Refunds		1,709.36	562.04	2,271.40
Interest on rent		714.42	0.00	714.42
		<b>2,793,613.19</b>	<b>1,877,879.12</b>	<b>4,671,492.31</b>

**PAYMENTS**

Professional Fees	0.00	225.00	225.00
Property Maintenance	1,110.00	50.00	1,160.00
Brook Meadow trading losses	0.00	26,470.00	26,470.00
Administrators' Fees	10,000.00	10,000.00	20,000.00
Legal Fees & Disbs	18,779.93	3,265.05	22,044.98
Agents' Fees & Disbs	42,055.81	16,300.00	58,355.81
Ground Rents	4,631.76	705.53	5,337.29
VAT Irrecoverable	1,000.00	0.00	1,000.00
HSBC Bank Plc	2,032,430.00	1,634,393.00	3,666,823.00
West Bromwich Commercial Limited	198,375.00	198,375.00	396,750.00
Statutory Advertising	82.09	0.00	82.09
Bank Charges	4.05	67.20	71.25
West Bromwich Commercial Limited	174,240.00	0.00	174,240.00
	<b>2,482,708.64</b>	<b>1,889,850.78</b>	<b>4,372,559.42</b>

<b>Net Receipts/(Payments)</b>	<b>310,904.55</b>	<b>(11,971.66)</b>	<b>298,932.89</b>
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**MADE UP AS FOLLOWS**

Input VAT	12,617.89	5,921.41	18,539.30
Fixed Account 1 - West Brom	70,442.59	101,653.73	172,096.32
Fixed Account 2 - HSBC	445,432.84	(301,172.92)	144,259.92
Output VAT	(217,788.77)	(57,927.11)	(275,715.88)
Vat Control Account	0.00	239,553.23	239,553.23
Cash Float- Glenmead Property Management	200.00	0.00	200.00
	<b>310,904.55</b>	<b>(11,971.66)</b>	<b>298,932.89</b>

## Summary of Time Charged and Rates Applicable for the Period From 14/09/2015 to 05/08/2016

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B. Steps on Appointment	1.00	484.00	2.00	620.00	3.75	720.00			0.75	122.25			7.50	1,946.25	259.50
C. Planning and Strategy	2.00	968.00	3.80	1,745.60	3.30	637.10							9.10	3,350.70	368.21
D. General Administration	6.15	4,504.10	29.65	9,225.45	54.15	10,425.80	3.10	595.20	67.70	7,705.45	6.55	422.00	167.30	32,878.00	196.52
E. Assets Realisation/Dealing	3.00	2,073.00	145.15	61,257.30	27.75	5,341.00			27.40	5,083.30			203.30	73,754.60	362.79
F. Trading Related Matters	0.50	242.00											0.50	242.00	484.00
H. Creditor Claims	0.35	169.40	4.30	1,040.60	1.10	211.20							5.75	1,421.20	247.17
I. Reporting	14.40	8,087.40	40.55	12,907.10	109.95	21,369.90			24.75	4,971.25			189.65	47,335.65	249.59
J. Distribution and Closure					0.25	48.00							0.25	48.00	192.00
K. Work			1.75	642.50					4.50	630.00			6.25	1,272.50	203.60
	27.40	16,527.90	227.20	87,438.55	200.25	38,753.00	3.10	595.20	125.10	18,512.25	6.55	422.00			

## Net Total

## Secretarial Expense

## Other Disbursements

## Billed

## Grand Total

589.60	162,248.90
	0.00
	451.14
	-26,947.20
	135,752.84