

The Insolvency Act 1986

Notice of result of meeting of creditors

Name of Company. Holmwood Nursing Home Limited	Company number 05341566
In the High Court of Justice Chancery Division	Court case number 4938 of 2011

- (a) Insert full name(s) and address(es) of the administrator(s)
* Delete as applicable
- We, (a) Kirstie Jane Provan and Nigel David Nutting both of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
- hereby report that *a meeting / ~~an adjourned meeting~~ of the creditors of the above company was held at
- (b) Insert place of meeting
(c) Insert date of meeting
* Delete as applicable
- (b) Begbies Traynor (Central) LLP on (c) 28 July 2011 at which -
- *1 Proposals / ~~revised proposals~~ were approved
- ~~*2 Proposals / revised proposals were modified and approved.~~
- ~~The modifications made to the proposals are as follows -~~
- (d) Give details of the modifications (if any)
- ~~(d)~~
- ~~*3 The proposals were rejected.~~
- ~~*4 The meeting was adjourned to (e)~~
- (e) Insert time and date of adjourned meeting
- *5 Other resolutions (f)
- (f) Details of other resolutions passed
- (1) "That the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration "
- (2) "That the Joint Administrators be 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 of the Joint Administrators for Achieving the Purpose of the Administration pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986* "
- (3) "That the Joint Administrators' unpaid pre-administration costs in the total sum of £4,368 plus VAT detailed in the statement of pre-administration costs contained in the Joint Administrators' Statement of Proposals, be approved for payment."
- (4) "That the Joint Administrators' be discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect."

SATURDAY



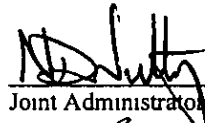
A44 30/07/2011 272
COMPANIES HOUSE

~~The revised date for automatic end to administration is~~

A creditors' committee ~~*was~~ / was not formed

*Delete as applicable

Signed


Joint Administrator

Dated

28 July 2011

Contact Details:

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

Begbies Traynor (Central) LLP

32 Cornhill, London, EC3V 3BT

Tel Number 020 7398 3800

Fax Number 020 7398 3799

DX Number

Companies House receipt date barcode

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



Kirstie Jane Provan and Nigel David Nutting were appointed as Joint Administrators on 7 June 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

Holmwood Nursing Home Limited (In Administration)

Statement of proposals of the Joint Administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

The Joint Administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of Joint Administrators
- ☐ Circumstances giving rise to the appointment of Joint Administrators
- ☐ Statement of affairs
- ☐ The administration period
- ☐ Estimated outcome for creditors
- ☐ The Joint Administrators' proposals for achieving the purpose of the administration
- ☐ The Joint Administrators' remuneration and disbursements
- ☐ Other information to assist creditors
- ☐ Conclusion
- ☐ Appendices
 - 1 Joint Administrators' account of receipts and payments
 - 2 Estimated Statement of Affairs
 - 3 Joint Administrators' time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Holmwood Nursing Home Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 7 June 2011
"the Administrators" or "the Joint Administrators"	Kirstie Jane Provan and Nigel David Nutting both 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

2. STATUTORY INFORMATION

Name of Company	Holmwood Nursing Home Limited	
Trading name(s)	Holmwood Nursing Home	
Date of Incorporation	25 January 2005	
Company registered number	05341566	
Company registered office	c/o Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT	
Former registered office	53 The Avenue, Tadworth, Surrey, KT20 5DB	
Trading address(es) (or attach a separate sheet if more than one)	53 The Avenue, Tadworth, Surrey, KT20 5DB	
Principal business activities	The operation and management of a care home for the elderly	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Robert William Kibble	100 ordinary shares
Company Secretary and details of the shares held in Company (if any)	Name:	Shareholding
	Debbie Jane Hall	N/A
Auditors	Mayfair Associates	
Share capital	100 ordinary shares of £1 each	
Shareholders	Robert William Kibble (100%)	

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Names of the administrators	Kirstie Jane Provan and Nigel David Nutting, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment	7 June 2011
Date of administrators' resignation	N/A
Court	High Court of Justice, Chancery Division
Court Case Number	4938 of 2011
Person(s) making appointment / application	Barclays Bank plc
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.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The Company was incorporated on 25 January 2005. It operates Holmwood Nursing Home, a 46-bed care home for the elderly ("the Care Home") at 53 The Avenue, Tadworth, Surrey ("the Property"), which is occupied under the terms of a 20 year lease granted in March 2005. The freehold title to the Property is owned by Holmcroft Properties Limited ("Holmcroft"), a company controlled by the director of the Company, Mr Kibble.

The Company has historically traded profitably and the Care Home has developed a strong reputation for standards of care and management. However, Holmcroft had defaulted on its borrowing terms with Barclays Bank plc ("the Bank") which resulted in the Bank appointing Mark Robert Fry and Kirstie Jane Provan both of Begbies Traynor (Central) LLP as Law of Property Act Receivers ("the LPA Receivers") of the Property on 17 May 2011.

During June 2011 it was brought to the attention of the Bank and the LPA Receivers that HM Revenue & Customs had presented a winding up petition against the Company for unpaid Corporation Tax and PAYE / NIC of approximately £295,000. We understand that the Company was unable to defend the petition or settle the indebtedness.

In the event that a winding up Order were to be made against the Company, the Care Home would potentially not have been able to continue to trade and this would have had implications for the continued care of the residents and the realisable value of the business and the property. It was therefore considered essential to preserve the position to enable the business to continue trading and to be sold as a going concern. As a result the Bank, as qualifying floating charge holder, appointed Kirstie Jane Provan and Nigel David Nutting as Joint Administrators pursuant to paragraph 14 of the Insolvency Act 1986 on 7 June 2011 in order to protect the position of the Company and ensure preservation of value.

5. STATEMENT OF AFFAIRS

At the time of preparing this report, the director of the Company has not submitted a Statement of Affairs. In accordance with Rule 2.33(2)(j) Insolvency Rules 1986 the Joint Administrators have prepared a statement of known assets and liabilities reflecting the estimated financial position of the Company at the date of administration, based on information obtained from the Company's statutory accounts ended 31 January 2011, and its accounting records attached at Appendix 2.

In accordance with Rule 2.33(2)(j) the statement is made up to the 7 June 2011, being the date on which the company entered administration and includes a list of the Company's creditors including their names, addresses and details of their debts, including any security held. The statement makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

The Joint Administrators have provided detailed comment on the statement of affairs at Appendix 2.

Creditors should note that the realisable value of certain assets has been stated as "uncertain". Pursuant to Rule 2.33(3), the administrators consider it in the best interests of the creditors not to disclose estimates of

property values at this time on the grounds that the disclosure could prejudice the commercial interests of the Company in the context of a proposed sale of the Care Home. Explanatory notes are provided at Appendix 2, and the statement of affairs should be read in conjunction with these notes

6. THE ADMINISTRATION PERIOD

ACTIONS TAKEN BY THE ADMINISTRATORS TO DATE

The Business / The Care Home

It is the intention that the Care Home continues to trade in the administration whilst a purchaser is sought, this is also to avoid major disturbance to the residents of the Care Home and to ensure that the full potential value in the business is achieved

To assist with the day to day management of the Care Home, the administrators have instructed Healthcare Management Solutions Limited ("HCMS"), a professional care home consultancy, as agents to operate the Care Home. HCMS are experienced in these circumstances and have worked with existing staff, management and the administrators to understand, control and improve management processes where applicable

All employees have been retained and all parties concerned have been notified, including the local authorities, which place a significant proportion of residents in the Care Home, and the Care Quality Commission. In addition, HCMS and the administrators attended a meeting with the residents' relatives on 14 June 2011 to explain the administration situation and give reassurance as to the intention to maintain the standard of care without disturbance or inconvenience to residents or relatives. These actions have been well received and there have been no adverse reaction from any party

The Care Home is being marketed for sale as a going concern and Christie & Co have been appointed as the valuation and marketing agent. Strong interest has already been received from various parties and viewings are conducted on a regular basis. At the time of preparing this report, one offer has been received. This offer was rejected as it was considered too early in the marketing process to accept at what was considered a level that could be improved upon, but it provides a good indication as to the interest. Christie & Co and the Joint Administrators are confident that a sale can be agreed in the short term at a value that provides a good outcome for all creditors. Creditors will appreciate that due to the on-going negotiations, the administrators have declined to provide estimated realisable values in this report, as to do so could influence the level of offers submitted

The continued trading at the Care Home is forecast to generate a strong net profit and therefore the continued operation does not prejudice creditors' interests and ensures that the Joint Administrators are able to consider offers received without any undue timing or creditor pressure

Trading

All accounting and payroll functions are provided by HCMS which are overseen and monitored by the Joint Administrators. It is expected that the business will generate trading profits which will be retained for the benefit of the secured and unsecured creditors (subject to taxation as applicable)

Vehicles

The Joint Administrators are aware that the Company has an interest in two motor vehicles. These are subject to lease finance agreements and are in use by Company personnel with the consent of the Joint Administrators. The Joint Administrators are in communication with the lease companies regarding on-going use, the cost to the Company is minimal

OTHER MATTERS

Employment of Solicitors

The Joint Administrators have instructed Simmons & Simmons ("Simmons") to advise on various matters including, among others, confirming the validity and enforceability of the Bank's security, confirming the validity of their appointment, dealing with the sale of the Care Home and any other legal issues that may arise in the course of the administration. Simmons will be remunerated on a time cost basis at the Bank's discounted panel firm rates plus disbursements plus VAT.

Employment of Other Agents

Healthcare Management Solutions Limited ("HCMS")

As mentioned above, HCMS have been instructed to undertake the day to day management at the Care Home and to oversee the existing staff and management. HCMS's fee is based on a fixed monthly rate of £4,000 plus disbursements and VAT per month, which will be met as an expense of the administration.

Christie & Co ("Christie")

Christie have been instructed as valuation and marketing agent of the Care Home. As mentioned previously, Christie has also been appointed by the LPA Receivers to market the Property and their joint instruction is to coordinate matters and is intended to maximise realisations. Christie's remuneration is agreed at 1.25% of the total sale price of the Home. Due to the dual appointment of administrators over the Company and LPA Receivers over the freehold property, it is acknowledged that an apportionment of costs will need to be undertaken on sale.

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 7 June 2011 to 12 July 2011. Below are our comments in respect of all receipts and payments to date.

RECEIPTS

Book Debts

The Administrators have received payment from debtors / customers for the June invoices issued prior to the administration. The Administrators have apportioned the amount of £39,914 from the total receipts for the pre-administration period based on information currently available. Further adjustments / allocation regarding customer receipts may be required to segregate pre and post administration receipts.

Trading Profits

Please see details regarding trading profits in Appendix 1. From 7 June 2011 to date, the Company has a trading surplus of £70,399, but this is subject to adjustment to reflect costs accrued and not yet paid.

PAYMENTS

Bank Charges

Barclays Bank PLC has charged £25 for banking transactions since the administration.

At the time of preparing this report, the Joint Administrators have not yet received HCMS's initial report on trading at the Care Home for the first month of appointment. An estimated forecast trading report is provided for the purposes of this report to illustrate the likely outcome.

On appointment the Joint Administrators arranged overdraft facilities with Barclays Bank plc, which ensured that the monthly payroll was paid on time on 15 June 2011. The overdraft facility was necessary purely for reasons of cash flow and will be reimbursed out of trading receipts in the administration. For the avoidance of doubt, it is considered that continued trading will be self-sufficient and there will be no need to rely on Bank funding or deferment of any trading liabilities arising.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment, as detailed in the estimated statement of affairs, are as follows:

Secured creditor

Barclays Bank PLC has a fixed and floating charge over the Company's assets pursuant to a debenture dated 29 March 2005. As at the date of the Administrators' appointment, the Company's direct indebtedness to the Bank is £74,273 in respect of overdraft facilities. In addition, the Company has provided an unlimited guarantee for Holmcroft's liabilities to the Bank. On current information the extent of the guaranteed indebtedness is in the region of £4.8m. However, it should be noted that this total indebtedness is secured against the freehold property of the Care Home as well as 3 other properties with estimated realisable values in excess of the Bank's total indebtedness. It should be noted that the LPA Receivers are also appointed as receivers in respect of these other properties and as and when sales are agreed the liability to the Bank will reduce accordingly. On current information, it is not clear what the guarantee liability to the Bank will be, as this is subject to the timing of realisation of other properties.

Preferential creditors

As mentioned above, all employees have been retained following the administration and salaries are paid up to date. The Company does not operate a pension scheme and the Administrators are not aware that there are any preferential liabilities outstanding. On the basis that the business is sold as a going concern, employees will transfer to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations.

Unsecured creditors

On appointment unsecured creditors were estimated at £19,351 and the claim of HM Revenue & Customs was approximately £369,744 per the Company's accounts. The joint administrators have received a claim in the sum £309,910 from HM Revenue & Customs since appointment and have become aware of additional claims, including one recently received totalling £40,373. These claims have been recorded and reflected for the purposes of this report, but have not yet been formally agreed or adjudicated upon. Creditors should note that appearance or absence of their claim in this report does not necessarily indicate that it has been accepted or rejected. Creditors are invited to submit claims, which will be assessed by a subsequently appointed liquidator or supervisor of a Company Voluntary Arrangement ("CVA") as appropriate.

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

Secured creditor

The distribution to for the Bank is dependent upon the sale of the property and timing of realisations of the other properties subject to the LPA Receiverships, as this will have a direct influence on the quantum of the Bank's claim pursuant to the guarantee provided by the Company.

Unsecured Creditors

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

Pursuant to Rule 2.33(3), the administrators consider it in the best interests of the creditors not to disclose estimates of the prescribed part of the Company's net property at this time on the grounds that the disclosure could seriously prejudice the commercial interests of the Company

The administrators propose that the Company may exit administration via a Company Voluntary Arrangement ("CVA") and one of the terms of the CVA pursuant to Section 176A(4) of the Act is that the administrators shall not be obliged to set aside a prescribed part of the Company's net property

On present information the administrators do not intend to make an application to court under Section 176A(5) of the Act for an order not to distribute the prescribed part of net property to the unsecured creditors. However we reserve our position generally in this regard should circumstances materially change

8. ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in our report, we presently consider that the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration). Whilst it may be reasonably practicable to pursue the objective of rescuing the Company as a going concern, we consider this would be unlikely to achieve a better result for the Company's creditors as a whole

Strong interest has been received in the Care Home as a going concern and the Joint Administrators are confident that a sale can be agreed and that the stated purpose of the administration can be achieved

In the event that the administrators' proposals are approved, the Company's business and affairs will continue to be managed by the Joint Administrators, with the assistance of appointed agents until such time as the Care Home is sold and transferred to the successful Purchaser

We consider that being able to continue to trade in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company has significantly enhanced the prospects for the secured and unsecured creditors and provided reassurance for the residents

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to negotiate and conclude the sale of the Care Home. The principal matters to deal with in this respect are

- To continue to operate the Care Home as a trading business,
- To oversee and coordinate the marketing and sale of the Care Home and the Property as a whole with the LPA Receivers,

Following these events we propose to finalise distributions to the secured creditor

Proposals to be considered by creditors

In accordance with paragraphs 3 and 49 of Schedule B1 of the Act, the Joint Administrators' proposals are as follows

- i The Joint Administrators take all necessary actions to preserve the value of the Company's assets and achieve maximum recovery of the company's assets
- ii The Joint Administrators continue to realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders
- iii The Joint Administrators propose to make application to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions
- iv The Joint Administrators investigate any antecedent transactions that may have detrimentally affected the Company's financial position
- v The Joint Administrators may, where possible, make a distribution to any preferential creditors in accordance with the requirements of the Act, and if appropriate, may make an application to the Court for the payment of the unsecured creditors
- vi The Joint Administrators exit the administration by way of either dissolution, Creditors' Voluntary Liquidation or Company Voluntary Arrangement, at such time as the Joint Administrators consider that one or more of the purposes of the administration as set out in 5 above have been achieved. If the exit route is by way of a creditors' voluntary liquidation, it is proposed that Kirstie Jane Provan and Nigel David Nutting both of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT be appointed Joint Liquidators or Joint Supervisors of the Company
- viii These proposals shall be subject to such modifications or conditions as the Court may approve or impose

- x That the Joint Administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as Joint Administrators ceases to have effect.
- xi That upon effective movement from Administration to CVA or Creditors' Voluntary Liquidation, the Joint Supervisors or the Joint Liquidators may act joint and severally and that any act required or authorised under any enactment to be done by a Supervisor or liquidator may be done by any one or more persons holding the office of Supervisor or liquidator from time to time

Exit from Administration

There are two options available in respect of the exit from administration. The Joint Administrators at present cannot confirm which of the following two options is the most appropriate exit due to uncertainty as to whether there will be a surplus available to distribute to the shareholder. This will be affected by the potential tax liabilities arising on sale of the Care Home and the Holmcroft properties. Therefore, the Joint Administrators intend to seek the creditors' approval to either of these exit routes based on the outcome to be achieved and assessed at a later date.

By Company Voluntary Arrangement

The first option is that the Company enters into a Company Voluntary Arrangement ("CVA"). It is proposed that the administrators will act as joint supervisors of the CVA, and it will be for the members and creditors of the Company to approve the CVA.

By Creditors' Voluntary Liquidation

The second option is by way of a creditors' voluntary liquidation. This will be applicable if the total amount which each secured creditor of the Company is likely to receive will be paid or set aside and that a distribution will be made to the unsecured creditors of the Company¹.

Administrators do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we 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 administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator

As part of our proposals we propose that we act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of the administrators' proposals.

¹ Insolvency Act 1986, Sch B1, para 83(1)

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office

Contingency – extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the sale of the Care Home, although at present we do not anticipate this will be the case. Yet 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. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Pre-administration costs

In the period before the Company entered administration, the administrators discussed with Barclays Bank PLC ("the Bank") the potential administration and arranged, with the assistance of solicitors, all necessary filing to place the Company into administration ("the Work").

The purpose of the Work was to determine the most appropriate course of action and to place the Company into administration. For this reason, the Joint Administrators consider that the Work has furthered the achievement of the objective of administration being pursued, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Pre-administration costs are £4,368 plus VAT.

The Pre-administration costs detailed above are unpaid. The administrators are seeking that the costs be paid as an expense of the administration. Pursuant to Rule 2.67A of the Insolvency Rules 1986, approval to pay such costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by way of a resolution of creditors. Payment of the unpaid Pre-administration costs requires separate approval and is not part of the administrators' proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act.

Administrators' Remuneration

The administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration.

Appendix 3 sets out the administrators' Firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since 7 June 2011.

Administrators' disbursements

The administrators propose that disbursements, including disbursements for services provided by their Firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their Firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and subject to the approval of those responsible for determining the basis of the administrators' remuneration.

10. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

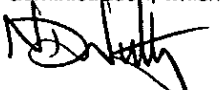
The administrators have a statutory duty to investigate the conduct of the director and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of their appointment, in relation to their management of the affairs of the Company and the causes of its failure. The administrators are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

As administrators of the Company we are required by best practice guidance to make enquires of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention, please do so in writing to the address detailed at Section 3 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

11. CONCLUSION

Pursuant to paragraph 51 of Schedule B1 to the Act, the administrators' proposals will be considered at an initial meeting of the Company's creditors summoned in accordance with the Notice of Meeting (Form 2 20B) accompanying this document.

Subject to the approval of our proposals at the initial creditors' meeting, we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



Nigel David Nutting
Joint Administrator

Date 12 July 2011

**ADMINISTRATORS' ACCOUNT OF RECEIPTS AND
PAYMENTS**

7 June 2011 to 12 July 2011

HOLMWOOD NURSING HOME LIMITED (IN ADMINISTRATION)

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period from 7 June 2011 to 6 July 2011

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS SPECIFICALLY PLEDGED			
Goodwill	-	uncertain	uncertain
Leasehold Property	-	uncertain	uncertain
	-	-	-
Realisation Expenses			
Administrators' disbursements & sundry contingency	-	(500)	(500)
Administrators' fees	-	(3,000)	(3,000)
Agents' / Valuation fees	-	uncertain	uncertain
Agents' disbursements	-	(500)	(500)
Agents' sales commission @ 1%	-	uncertain	uncertain
Legal disbursement	-	(100)	(100)
Legal fees	-	(8,000)	(8,000)
Net Realisations	-	(12,100)	(12,100)
 Less due to Barclays Bank PLC	-	(74,273)	(74,273)
Fixed charge surplus carried down	-	(86,373)	(86,373)
 ASSETS SUBJECT TO LEASE FINANCE			
Motor vehicle - Bentley	-	25,000	25,000
Less Amount due to finance company	-	(1,483)	(1,483)
	-	23,517	23,517
 Motor vehicle - Mini	-	5,000	5,000
Less Amount due to finance company	-	(4,504)	(4,504)
	-	496	496
 ASSETS NOT SPECIFICALLY PLEDGED			
Book Debts	39,914	112,086	152,000
Trading Profits	67,436	217,000	284,436
	107,350	329,086	436,436
Payments			
Administrators disbursements	-	(1,000)	(1,000)
Administrators fees	-	(100,000)	(100,000)
Agent's fees & expenses	-	(5,000)	(5,000)
Bank charges & Sundry	(25)	(500)	(525)
Insurance	-	-	-
Legal disbursements	-	(100)	(100)
Legal fees	-	(5,000)	(5,000)
Statutory advertising	-	(500)	(500)
Net Realisations	107,325	216,986	324,311
 Summary of balances held			
Fixed current account	-		
Floating current account	39,914		
Trading account	67,411		
	107,325		
 Prescribed Part			(67,862)
Available to Barclays Bank PLC as floating charge holder			256,449
 Less Contingent liabilities to Barclays through guarantee to Holmcroft			(4,904,596)
Surplus/(deficiency) available to floating charge holder			(4,648,147)

Prescribed Part brought down	87,882
Surplus from disposal of motor vehicles b/d	<u>24,013</u>
	91,875
Less non-preferential creditors	
HM Revenue & Customs - Corporation Tax	(302,178)
HM Revenue & Customs - PAYE /NIC	(87,595)
Trade and expense creditors	<u>(20,968)</u>
Estimated surplus/(deficiency) as regards unsecured creditors	(298,865)
Floating charge deficiency brought down	<u>(4 648 147)</u>
Final estimated deficiency	<u>(4,947,012)</u>

HOLMWOOD NURSING HOME LIMITED (IN ADMINISTRATION)

JOINT ADMINISTRATORS' ACCOUNT OF TRADING RECEIPTS AND PAYMENTS

Period 7 June 2011 to date

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
Trading Income	74,722	746,000	820,722
Expenditure			
Agents' Fees (HCMS)	-	(24,000)	(24,000)
Corporation Tax	-	(54,000)	(54,000)
Direct Purchases	-	(30,000)	(30,000)
Insurance	-	(5,000)	(5,000)
Labour Costs	(860)	(205,000)	(205,860)
PAYE / NIC	-	(50,000)	(50,000)
Ransom / Duress Payments	(3,483)	-	(3,483)
Rates	-	(3,000)	(3,000)
Rent	-	(119,000)	(119,000)
Repairs and Maintenance	-	(19,000)	(19,000)
Sundry / Other	-	(7,000)	(7,000)
Utilities	-	(14,000)	(14,000)
	(4,323)	(530,000)	(534,323)
Estimated Trading Surplus	<u>70,399</u>	<u>216,000</u>	<u>286,399</u>

Note Based on a trading period of 6 months in administration

**ESTIMATED STATEMENT OF AFFAIRS AS AT 07
June 2011**

HOLMWOOD NURSING HOME LIMITED (IN ADMINISTRATION)

ESTIMATED STATEMENT OF AFFAIRS AS AT 7 JUNE 2011 PREPARED IN ACCORDANCE WITH RULE 2.33(2)(J) INSOLVENCY RULES 1986

	NOTES	Book Value £	Estimated to Realise £
ASSETS SPECIFICALLY PLEDGED			
Goodwill	1	-	uncertain
Leasehold Property	2	822,940	uncertain
		822,940	0
Less due to Barclays Bank PLC		(74,273)	(74,273)
Fixed charge surplus/(deficiency) carried down		748,667	(74,273)
Assets subject to lease finance			
Motor vehicle - Bentley	3	6,222	25,000
Less Due to lease finance		(1,483)	(1,483)
Fixed charge surplus/(deficiency) carried down		4,739	23,517
Motor vehicle - Mini		6,000	6,000
Less Due to lease finance		(4,504)	(4,504)
Fixed charge surplus/(deficiency) carried down		1,496	1,496
ASSETS NOT SPECIFICALLY PLEDGED			
Book Debts	4	152,000	152,000
Fixtures & Fittings	5	6,570	uncertain
Fixed charge surplus b/d		6,235	25,013
		164,805	177,013
Prescribed Part	6		(38,403)
Available to Barclays Bank PLC as floating charge holder			138,610
Less due to Barclays Bank PLC			(74,273)
Surplus/(deficiency) available to floating charge holder			64,337
Prescribed Part brought down			38,403
Less non-preferential creditors			-
Available to unsecured creditors			102,740
Trade and expense creditors	7	20,965	
HM Revenue & Customs - Corporation tax	8	302,179	
HM Revenue & Customs - PAYE/NIC	9	67,595	
Other creditors	10	59,737	
			(450,475)
Estimated surplus/(deficiency) as regards unsecured creditors			(347,735)
Shareholders			
Issued and paid up share capital			(100)
Total Estimated Deficiency	11		(347,835)

Begbies Traynor (Central) LLP
Holmwood Nursing Home Limited
B - Company Creditors

Key	Name	Address	£
CB00	Biffa Waste Services Limited	Coronation Road, Cressex, High Wycombe, Bucks, HP12 3TZ	470 83
CB01	British Gas Business	National Client Service Centre, 2 Cornwall Street, Birmingham, B3 2DL	1,046 59
CC00	Nursing Hygiene (Calkit Maintenance Supplies)	Charwood House, Oakhurst Business Park, Southwater, West Sussex, RH13 9RT	6,347 17
CC01	Calkit Healthcare	1 Nutfield Road, Merstham, Surrey, RH1 3EB	344 28
CC02	NH Maintenance (Incorporated Caltek Services)	Nursing & Hygiene Maintenance, 63 Victoria Road, Burgess Hill, West Sussex, RH15 9LN	366 00
CC03	Capital Lifts	Challenge House, Slazenger Suite 14, 616 Mitcham Road, Croydon, CR0 3AA	258 00
CC04	Connect Catering	8 Rockfort, Wallingford, Oxon, OX10 9DA	1,999 00
CE00	Economy Double Glazing	48 Chestnut Avenue, West Wickham, KENT, BR4 9ES	165 19
CE01	Economy Gas	PO BOX 232, Altrincham, WA15 7FR	0 00
CE02	Emap Ltd	Tower House, Sovereign Park, Market Harborough, Leics, LE16 9EF	0 00
CI00	Initial Washrooms Sol's	PO Box 4975, Dudley, DY1 9FA	803 56
CI01	Initial Medical Services	8 Amalgamated Drive, Brentford, Middlesex, TW8 9EZ	0 00
CJ00	John Hatto Butchers Ltd	116 Frimley Road, Camberley, Surrey, GU15 2QN	924 69
CL00	Link Class London Ltd	A62-A64 Fruit & Vegetable Market, New Covent Garden, London, SW8 5EE	334 26
CM00	Microcare	JRM Electrical Services, 7 Portland Road, Hove, East Sussex, BN3 5DR	82 80
CN00	NTL	PO Box 4200, Worthing, West Sussex, BN13 1WQ	234 13
CO00	Office Jungle	Durley House, The Downs, Givons Grove, Leatherhead, KT22 8LD	90 00
CP00	PDP Flooring	47 Wickham Avenue, Cheam, Surrey, SM3 8DU	1,614 00
CP01	P D P Flooring	47 Wickham Avenue, Cheam Surrey, SM3 8DU	0 00
CS00	SAGE UK Ltd	North Park, Newcastle Upon Tyne, NE13 9AA	75 44
CS01	Savona Provisions Ltd	Oxonian Park, Langford Locks, Kidlington, OX5 1FP	1,106 41
CS02	Shurgard		189 00
CS03	Sodexo Healthcare Services	Data Centre, 301 Broadway, Salford, M50 2UE	4,066 19
CS04	Sutton and East Surrey Water	London Road, Redhill, Surrey, RH1 1LJ	96 03
CT00	Tadworth Medical Centre	1 Troy Close, Tadworth, Surrey, KT20 5JE	0 00
CV00	Voluntary Association for Surrey Disabled	10 Havenbury Estate, Station Road, Dorking, Surrey, RH4 1ES	41 64
CW00	West Horsley Dairy Ltd	Unit 1 Kingsway Business Park, Forsyth Road, Sheenwater Woking, Surrey, GU21 5SF	310 37
27 Entries Totalling			20,965 58

Signature _____

ESTIMATED STATEMENT OF AFFAIRS

Notes to Estimated Statement of Affairs

At time of preparing this report, the director of the Company has not submitted a Statement of Affairs. In accordance with Rule 2.33(2)(j) Insolvency Rules 1986 the Joint Administrators have prepared a statement of known assets and liabilities reflecting the estimated financial position of the Company at date of administration.

The leasehold interest in the property is subject to a fixed charge granted in favour of Barclays Bank plc, as indicated on the statement of affairs. Barclays Bank plc also holds a floating charge over the assets and undertaking of the Company, which is also indicated on the statement of affairs.

- 1 Goodwill – has not been capitalised in the Company's accounts, but it is possible that a value will be attributed to the goodwill in the business on apportionment of sale consideration, subject to taxation advice. The estimated to realise value is stated as "uncertain" pursuant to Rule 2.33(3), as the administrators consider it in the best interests of the creditors not to disclose estimates of property assets at this time on the grounds that the disclosure could prejudice the commercial interests of the Company in the context of proposed sale of the Care Home.
- 2 Leasehold Property - The estimated to realise value is stated as "uncertain" pursuant to Rule 2.33(3), as the administrators consider it in the best interests of the creditors not to disclose estimates of property assets at this time on the grounds that the disclosure could prejudice the commercial interests of the Company in the context of proposed sale of the Care Home.
- 3 Motor Vehicle – a Bentley Continental motor vehicle was acquired by the Company on lease finance terms. The Joint Administrators are liaising with the financiers with regard continued use and completion of acquisition of the vehicle for the benefit of creditors generally, although it is subject to a competing claim. A Mini motor vehicle is also held by the Company subject to lease finance.
- 4 Book Debts – this represents the value of trade debtors at the time of the administrators' appointment and represents one month's average billing income for residential care at the Care Home. The administrators are not aware of any specific bad debts or disputes and have realised the majority of the ledger during the administration in the ordinary course of trade. Accordingly, no provision has been applied.
- 5 Fixtures & Fittings – These will be included in any sale of the Care Home as a going concern and will be valued prior to completion and the sale consideration apportioned accordingly.
- 6 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

The administrator will not be required to set aside the prescribed part of net property if

- a The net property is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit,

- b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds

As referred to above pursuant to Rule 2 33(3), the administrators consider it in the best interests of the creditors not to disclose estimates of property assets at this time on the grounds that the disclosure could prejudice the commercial interests of the Company in the context of proposed sale of the Care Home. As a result, estimated realisable values have not been included and this has adversely and artificially reduced the value of the prescribed part and therefore the overall outcome for creditors

Creditors are requested to note that the sale of the Care Home will generate significant funds not reflected in this statement, which will in turn improve the outcome for creditors considerably

- 7 Trade & Expense Creditors – the value reflected was obtained from the Company's accounting records on appointment and may be subject to adjustment as claims are received in the course of the administration. Creditors' claims will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed. It is stressed that although the estimated statement of affairs does not reflect a favourable outcome, the apportionment of consideration and costs between the administration and the LPA Recevership will result in a payment to unsecured creditors and subject to the value ultimately achieved, should result in creditors being paid in full
- 8 HM Revenue & Customs – Corporation Tax – A claim totalling £226,949.75 was advised to the Joint Administrators by HM Revenue & Customs and is made up of Corporation Tax, penalties and interest in respect of periods ending 31 January 2008, 31 January 2009 and 31 January 2010. In addition the sum £75,229 is due in respect of year ending 31 January 2011
- 9 HM Revenue & Customs – Corporation Tax – The Joint Administrators have been advised of a claim for unpaid PAYE and NIC contributions for the year ending 5 April 2011 totalling £67,595. It is not known at present if PAYE/NIC for the current year remains unpaid
- 10 Other creditors – This sum has been included as it appeared in the Company's annual accounts to 31 January 2011. It is not known at present what this sum relates to or whether it remains due and is included for completeness whilst the Joint Administrators make necessary enquiries
- 11 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs
- 12 Transactions with directors and associates

Standard practice requires disclosure to the meeting of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of two years prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken

This information is not available to the Joint Administrators at time of writing this report. The Joint Administrators are not aware of any transactions that require reporting and none have been disclosed in the Company's accounts

ADMINISTRATORS' TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to 7 July 2011 on this assignment amounts to 286 hours at an average composite rate of £195 per hour resulting in total time costs of £55,751.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition, a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from our website www.begbies-traynor.com via the "Corporate Recovery and Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.

Holmwood Nursing Home Limited (In Administration)
Time costs analysis for the period from 07/06/2011 to 07/07/2011

Staff Grade	Hours							Total hours	Time cost £	Average hourly rate
	Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator	Support	

Administration and planning

Appointment and case planning

Administration and banking

Statutory reporting and statement of affairs

Investigations

CDDA and investigations

Realisation of assets

Debt collection

Property, business and asset sales

Retention of Title/Third party assets

Trading

Trading

Creditors

Secured

Others

Creditors' committee

Other matters

Meetings

Tax

Litigation

Other

Total hours by staff grade

Total time cost by staff grade

Average hourly rate £

Total fees drawn to date

Total fees outstanding

9.50	24.40	-	-	-	-	0.90	5.30	10.00	-	50.10	9,770	195.00
-	5.20	-	4.30	-	-	-	27.10	36.30	-	73.10	14,255	195.00
-	-	-	7.00	-	-	-	2.00	-	-	9.00	1,755	195.00

-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2.50	-	-	-	2.50	488	195.00
-	-	-	-	-	-	-	-	-	-	-	-	-

1.50	-	-	42.80	-	-	10.90	69.70	-	-	124.70	24,317	195.00
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0.50	-	-	-	-	-	-	-	-	-	0.50	98	195.00
-	-	-	-	-	-	-	2.30	-	-	2.30	449	195.00
-	-	-	-	-	-	-	-	-	-	-	-	-

-	3.20	-	-	-	-	-	-	-	-	3.20	624	195.00
-	-	-	-	-	-	-	-	-	-	-	-	-
-	3.20	-	-	-	-	-	-	-	-	3.20	722	195.00
-	9.00	-	-	-	-	-	4.20	3.60	-	16.80	3,276	195.00

11.50	45.50	-	54.10	-	-	14.30	110.60	50.10	-	285.90	-	-
2,204	8,873	-	10,550	-	-	2,789	21,567	9,770	-	-	55,751	195.00
195.00	195.00	-	195.00	-	-	195.00	195.00	195.00	-	-	-	-

55,751

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	HOLMWOOD NURSING HOME LIMITED
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	KIRSTIE JANE PROVAN AND NIGEL DAVID NUTTING
DATE OF APPOINTMENT	7 JUNE 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

As mentioned in the main body of the report, the administrators continue to trade the Care Home as a going concern. The Joint Administrators, with the assistance of HCMS, have ensured supplies were sufficient and operation remained unaffected to avoid disturbance to residents and inconvenience to relatives.

1.3 The office holders' effectiveness

The Joint Administrators consider that realisations will be significantly enhanced by trading the care home in administration and that as a result of so doing, secured and unsecured creditors will be paid in full. This would not be possible if the Care Home were to cease trading.

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

The main asset of the Company is the business of the Care Home. As mentioned previously, the Care Home is still trading in the administration and the Joint Administrators are seeking a buyer for the Care Home and the freehold property owned by Holmcroft as a whole.

The Joint Administrators are aware of certain vehicles which may be the property of the Company. At present, it is uncertain as regards to the ownership. However, should these vehicles prove to be assets of the Company, the Joint Administrators will take control of and deal with these vehicles accordingly.

1.5 Anticipated return to creditors

Secured creditor - The outcome for the Bank is dependent upon sale of the property and timing of realisation of the other properties subject to the LPA Receiverships, as this will have a direct influence on the value of the Bank's claim pursuant to the guarantee provided by the Company.

Unsecured creditors - It is very likely that there will be a distribution to the unsecured creditors, either as prescribed part of the Company's net property pursuant to Section 176A or as a distribution made from a future CVA. However, an amount has not been disclosed as disclosure of an estimate of the prescribed part could seriously prejudice the commercial interests of the Company.

1.6 Time costs analysis

An analysis of time costs incurred between 7 June 2011 and 5 July 2011 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 7 **The views of the creditors**
Barclays Bank PLC ("the Bank"), the Company's secured creditor, has been regularly apprised of the matters arising in the administration
- 1 8 **Approval of fees**
The Joint Administrators are seeking approval of their remuneration and expenses by the secured creditors and unsecured creditors. The administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration
- 1 9 **Approval of Expenses and Disbursements**
The Joint Administrators are seeking approval of their remuneration and expenses by the secured creditors and unsecured creditors. The administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firms policy, details of which are set out at Appendix 3
- 1 10 **Category 2 Disbursements**
No disbursements have been paid or incurred that would be considered to be "Category 2" disbursements. Creditors should note that the joint administrators intend to engage tax advisers internally to assist with tax issues arising on completion of sale, as referred to in this report.
- 1 11 **Other professionals employed & their costs**

Legal

We have instructed Simmons and Simmons ("Simmons") to advise on various matters including among others, confirming the validity and enforceability of the Barclays' security, confirming the validity of our appointment, dealing with the conveyance of the Property and any other legal issues that may arise in the course of the administration. Simmons and Simmons will be remunerated on a time cost basis at Barclays' discounted panel firm rates plus disbursements plus VAT.

The Business / The Care Home

Christie & Co ("Christie") have been instructed as the Joint Administrators' agent to market the Business and the Property for sale as a whole and as a going concern. Christie's remuneration is agreed at 1.25% of the total sale price of the Care Home.

Management of the Care Home

Healthcare Management Solutions Limited ("HCMS") have been instructed to undertake the day to day management at the Care Home and to oversee the existing staff and management. HCMS charge a fixed monthly fee of £4,000 plus disbursements and VAT.

- 1 12 **Staffing and management**
Appropriately experienced staff will undertake the various tasks arising in the administration. It is the policy of Begbies Traynor that all grades of staff charge time which solely relates to the case. The analysis below 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 SUMMARY OF WORK CARRIED OUT SINCE OUR APPOINTMENT

Since the date of our appointment, the following work has been carried out.

- All 'day 1' statutory compliance matters including notifications to creditors, advertising, filing at companies house, filings at court and bonding,
- All administration banking requirements,
- All insurance requirements over the assets of the Company,
- Utility undertakings,
- General creditors enquiries,

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

- Attended site to deal with 'day 1' and subsequent matters,
- Instructed and liaised with agents with regard to the marketing and the sale of the Care Home,
- Met with the Director and Secretary to discuss the Company's affairs,
- Held a meeting with the employees and relatives of the residents,
- Attended site to monitor the running of the Care Home,
- Liaised with HCMS regarding the management and all trading matters of the business,
- Internal meetings to discuss case strategy and progress,
- Prepared a report and provided regular updates to the Bank,
- Compiled detailed proposals and an estimated outcome statement to creditors in accordance with Schedule B1 - Para 49 (1) of the Insolvency Act

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 £100 (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 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

(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 as at the date of this report are as follows

Grade of staff	Standard 1 May 2011 – until further notice London
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