

The Insolvency Act 1986

Administrator's progress report

Name of Company
Holmwood Nursing Home Limited

Company number
05341566

In the
High Court of Justice, Chancery Division,
Companies Court

Court case number
4938 of 2011

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

We (a) Kirstie Jane Provan and Gary Paul Shankland both of Begbies Traynor (Central) LLP,
31st Floor, 40 Bank Street, London E14 5NR

administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 17 April 2014

(b) 16 October 2014

Signed:

Joint Administrator

Dated

14/11/14

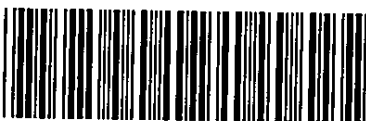
Contact Details:

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	
31st Floor, 40 Bank Street, London, E14 5NR	
	Tel Number 020 7516 1500
Fax Number 020 7516 1501 (Fax)	DX Number

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

SATURDAY



A24 15/11/2014 #144
COMPANIES HOUSE



Kirstie Jane Provan and Nigel David Nutting were appointed joint administrators on 7 June 2011

Gary Paul Shankland replaced Nigel David Nutting as joint administrator on 24 April 2013

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)

Progress report pursuant to Rule 2.47 of the Insolvency Rules 1986

Period: 17 April 2014 to 16 October 2014

Important Notice

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

Contents

- ❑ Interpretation
- ❑ Company information
- ❑ Details of appointment of Joint Administrators
- ❑ Progress during the period
- ❑ Estimated outcome for creditors
- ❑ Remuneration and disbursements
- ❑ Administrators' Expenses
- ❑ Assets that remain to be realised
- ❑ Other relevant information
- ❑ Creditors' rights
- ❑ Conclusion
- ❑ Appendices
 - 1 Joint Administrators' account of receipts and payments
 - 2 Joint Administrators' trading account
 - 3 Time costs and disbursements
 - 4 Statement of Joint Administrators' expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Holmwood Nursing Home Limited (in administration)
"the administration"	The appointment of Joint Administrators under Schedule B1 to the Insolvency Act 1986 on 7 June 2011
"the Joint Administrators" "we" "our" and "us"	Kirstie Jane Provan and Gary Paul Shankland both of Begbies Traynor (Central) LLP, 31st Floor, 40 Bank Street, London, E14 5NR
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(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
"the Home" "the Property"	Holmwood Nursing Home, 53 The Avenue, Tadworth, Surrey, KT20 5DB – Law of Property Act receivers appointed over the Property
"the Bank"	Barclays Bank Plc

2. COMPANY INFORMATION

Trading name(s)	Holmwood Nursing Home
Date of Incorporation	25 January 2005
Company registered number	05341566
Company registered office	31st Floor, 40 Bank Street, London, E14 5NR
Former registered offices	32 Cornhill, London, EC3V 3BT 53 The Avenue, Tadworth, Surrey, KT20 5DB
Trading address(es)	53 The Avenue, Tadworth, Surrey, KT20 5DB
Principal business activities	The operation and management of a care home for the elderly

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Date of Joint Administrators' appointment	Kirstie Jane Provan - 7 June 2011 Nigel David Nutting - 7 June 2011 Gary Paul Shankland - 24 April 2013
Date of Administrators' resignation	Nigel David Nutting - 24 April 2013
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 Joint Administrators act as officers of the Court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	<p>The administration period was extended with the consent of the secured creditors for a period of 6 months to 6 December 2012.</p> <p>The administration period has been further extended by Court Orders for periods of 12 months to 7 December 2013 and most recently, to 7 December 2014.</p>

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is the Joint Administrators' abstract of receipts and payments for the period from 17 April 2014 to 16 October 2014 ("the Period") along with receipts and payments from the commencement of the administration to 16 October 2014

ACTIONS TAKEN BY THE ADMINISTRATORS DURING THE PERIOD

Trading

As reported previously, Careport Advisory Services ("Careport") were instructed on 29 April 2013 to take over as the Administrators' trading agents at the Home, replacing the incumbent agents, Healthcare Management Solutions Limited. Careport are specialists in all aspects of nursing home provisions and have the relevant resources and experience for an assignment of this type. All operations at the Home were managed by Careport whilst the Joint Administrators sought to dispose of the Care Home.

During the period and up to the sale of the business and assets, the Company's trading performance continued to improve. The Company continued to generate a net trading surplus before rental payments/provisions.

Rents chargeable under the lease between the Company and the Property (in LPA Receivership) had been provisioned at £300,000 per annum during the administration period up to the date of the sale of the Property and the Company's business and assets, 28 August 2014. The rents charged by the Property were ultimately payable to Barclays Bank Plc under the terms of their security through the LPA Receivership. Therefore, in order to finance the rents payable by the Company (£996,164) and ensure that there were sufficient funds in the administration to facilitate a sale and achieve the objectives of the administration, Barclays made a corresponding contribution to the Company.

The Joint Administrators' trading account for the period 17 April 2014 to 16 October 2014 is attached at Appendix 2.

Marketing & Disposal of Business, Assets and Leasehold Property

In October 2013, an offer for the purchase of the Company's business and assets was received from Nursing Care UK Limited ("the Purchaser"), a party known to the Joint Administrators as it had previously expressed an interest in purchasing the Home. The offer also included the purchase of the Property, where the Company traded, which was being marketed for sale by the LPA Receivers.

The offer was recommended for acceptance by our agents, Edward Symmons LLP, and was duly approved by the Bank as secured creditor.

Since acceptance of the offer, the Joint Administrators were involved in extensive negotiations with the Purchaser whilst dealing with a significant volume of due diligence requests. There had also been delays in the purchaser obtaining adequate finance from their funders due to the complexities of their financing arrangements. The business and assets of the Company remained on the market whilst these negotiations were ongoing. Contracts were eventually exchanged on 7 August 2014 with the sale completing on 28 August 2014.

The consideration received by the Joint Administrators is detailed in the table below

<u>Assets</u>	<u>Consideration (£)</u>
Goodwill	1,080,000
Fixtures and Fittings	119,995
Books and Records	1
Contracts	1
Fixed Assets	1
Leasehold Property	1
Stock	1
TOTAL	1,200,000

Tax Investigations

During the previous period, it was brought to the Joint Administrators' attention that the Company's former accountant had been imprisoned for tax fraud. This has resulted in HM Revenue and Customs ("HMRC") undertaking investigations into the Company's pre-administration tax affairs which has, through balances brought forward, impacted on the calculation of post-administration tax liabilities. These investigations have focused predominantly around Corporation Tax and National Insurance contributions.

With assistance from their appointed tax specialists, BDO LLP, the Joint Administrators have been required to respond extensively to HMRC's enquiries. These investigations remain ongoing with the prospect of certain further tax liabilities falling due yet to be established. Details of any further liabilities will be included within the next report to creditors.

Bentley Motor Vehicle

It has previously been reported that legal title of a Bentley Continental motor vehicle ("the Bentley") passed to the Company on 30 March 2012 from Barclays Mercantile Finance. The Bentley had been listed as a Company asset prior to administration and had been in the possession of the Company's Secretary.

It was brought to the attention of the Joint Administrators that the ownership of the Bentley transferred to a third party in or around November 2013, without the Joint Administrator's knowledge or consent.

The Joint Administrators have duly investigated the transfer with legal opinion and determined that there is no value to the estate.

OTHER MATTERS

Use of Solicitors

Simmons & Simmons LLP ("Simmons")

Following their appointment, the Joint Administrators instructed Simmons to advise on legal matters relating to the administration. Simmons are remunerated on a time cost basis at the Bank's discounted panel firm rates plus disbursements plus VAT. All fees are reviewed for reasonableness prior to payment.

Trading Agents

Careport Advisory Services

Careport are instructed as the Joint Administrators' trading agents at the Home. Careport are paid a fixed amount of £4,750 per month in respect of their fees.

Edward Symmons LLP ("ES")

ES are instructed as sole marketing agents of the Home and its business. As the Property was subject to LPA Receivership outside of the administration of the Company, an apportionment of ES' costs has been necessary between the sale of the Property (in Receivership) and the Company's business and assets.

RECEIPTS AND PAYMENTS

Attached at Appendix 1 is our account of receipts and payments to 16 April 2014, incorporating a period account of the period 17 April 2014 to 16 October 2014. Below are our comments in respect of receipts and payments for the period.

RECEIPTS - TRADING

Sales – Nursing Care Fees

Please see details regarding trading profits in Appendix 2.

PAYMENTS – TRADING

Please see details regarding trading payments in Appendix 2.

The Company's business as a nursing home is exempt from VAT and consequently, VAT is irrecoverable.

RECEIPTS – ASSETS SPECIFICALLY PLEDGED

Goodwill

An amount of £1,080,000 has been received through the sale of the Company's goodwill.

Fixed Assets

An amount of £1 has been realised in respect of the Company's fixed assets.

Receipts in respect of LPA Receivership

An amount of £2,000,090 has been received in respect of the sale of the Property. These are LPA Receivership funds and have been distributed to the LPA Receivers, with deduction of associated costs under Barclay's security. It should be noted that the net position to the administration estate of the receipts and payments is nil.

PAYMENTS – ASSETS SPECIFICALLY PLEDGED

Joint Administrators' Fees and Disbursements - Fixed

Amounts of £35,000 and £41 have been paid to Begbies Traynor in respect of the Joint Administrators' fees and disbursements relating to the disposal of the Company's goodwill.

Agent's Fees

An amount of £16,200 has been paid to Edward Symmons in respect of their fees for disposing of the Company's goodwill. This represents 1.5% of the goodwill sale proceeds, in line with the terms of Edward Symmons' engagement.

Distribution to Barclays Bank Plc

An amount of £900,000 has been paid to Barclays in respect of realisations made under their fixed charge

Payments in respect of the Property

An amount of £1,729,220 has been paid in relation to the LPA Receivership. Again, these payments are merely an apportionment of funds received into the Administration account but which related solely to the LPA Receivership. The net effect of these receipts and payments in the administration estate is nil

Irrecoverable VAT

Amounts totalling £10,248 were incurred in respect of irrecoverable VAT charged on the legal fees and disbursements

RECEIPTS - ASSETS NOT SPECIFICALLY PLEDGED

Fixtures & Fittings

An amount of £119,995 has been realised through the sale of fixtures and fittings

Books and Records

An amount of £1 has been realised in the sale of the Company's books and records

Contracts

An amount of £1 has been realised in the sale of the Company's contracts

Leasehold Property

An amount of £1 has been realised in the sale of the Company's lease held at the Property

Stock

An amount of £1 has been realised in the sale of stock

Refund from DVLA

An amount of £3 has been received from the DVLA in respect of a refund for previously incurred search fees relating to the Bentley

Third Party Contribution for Settlement Agreement

An amount of £20,300 has been received from a third party relating a settlement agreement entered into during the Period. This agreement is strictly confidential and no details can be disclosed in this report

Bank Interest

An amount of £140 has been received during the period in respect of interest earned on deposits held in the administration bank accounts

PAYMENTS - ASSETS NOT SPECIFICALLY PLEDGED

Settlement Agreement Payment

During the period, an amount of £20,300 has been paid in relation to a settlement agreement. This agreement is strictly confidential and no details can be disclosed in this report.

Joint Administrators Fees - Floating

An amount of £105,242 has been paid to Begbies Traynor (Central) LLP in respect of the Joint Administrators' fees relating to assets held under the Bank's floating charge.

Agents Fees

Amounts totalling £8,100 have been paid to BDO LLP (£6,300) and Edward Symons Group (£1,800) in relation to tax advisory fees and agent fees respectively.

Agent's Disbursements

An amount of £158 has been paid to BDO LLP in respect of disbursements incurred providing tax advice during the Period.

5 ESTIMATED OUTCOME FOR CREDITORS

Secured creditor

The Bank 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 was £74,273 in respect of overdraft facilities. In addition, the Company has provided an unlimited guarantee to Holmcroft Properties Limited (which owns the freehold of the Care Home) in respect of its secured indebtedness. The extent of the guaranteed indebtedness was in the region of £4.3 million.

During the period a distribution of £900,000 has been made to the Bank under the terms of their security. A second and final distribution will be made to the Bank prior to closure of the administration and once all remaining costs of the administration have been discharged.

In terms of the Bank's cross guarantee of other assets held within the Holmcroft Properties Limited group, it is anticipated that the Bank will suffer a shortfall under its security. Since other assets within the group are yet to be realised, the level of any shortfall cannot be determined at this time.

Preferential creditors

It is understood that the Company does not operate a pension scheme. In addition, all employees have been transferred to the Purchasers under The Transfer of Undertakings (Protection of Employment) Regulations 2006. Therefore, the Administrators are not aware of any preferential creditors.

Unsecured creditors

Unsecured creditors' claims received by the Joint Administrators to date amount to £364,094. These claims have not been formally agreed or adjudicated upon.

Due to insufficient asset realisations, there will be no distribution to the Company's 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 Administrators 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))

Due to the accrued rents, the Bank having to forward funds to cover this rent provision and the overall costs incurred under the floating charge, there is no net property available to make a prescribed part distribution to the unsecured creditors.

6. REMUNERATION & DISBURSEMENTS

Pre-Administration Costs

In the period prior to the Company entering administration, the Joint Administrators discussed with 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 totaled £4,368 plus VAT. Pursuant to Rule 2.67A of the Insolvency Rules 1986, approval to pay these costs as an expense of the administration was granted by the secured creditors. These costs have now been settled.

Post-Administration Costs

The Joint Administrators' remuneration has been fixed by reference to the time properly given by them (as Joint Administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 3 of this report.

The Joint Administrators' time costs for the period from 17 April 2014 to 16 October 2014 amount to £76,653.50 which represents 360.2 hours at an average rate of £212.81 per hour. These costs have been reported at the Bank's standard rate of £215 per hour for all grades of staff. (The prevailing Barclays Bank Plc panel rate of £205 per hour increased to £215 per hour with effect from 1 September 2011)

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

- Begbies Traynor (Central) LLP's policy for re-charging disbursements,
- Begbies Traynor (Central) LLP's charge-out rates,
- Narrative summary of time costs incurred,
- Table of time spent and charge-out value for the period 17 April 2014 to 16 October 2014, and
- Cumulative table of time spent and charge-out value for the period from 7 June 2011 to 16 April 2014

To 16 October 2014, the Joint Administrators have drawn the total sum of £544,916 on account of their remuneration, against total time costs of £580,274 incurred since the date of their appointment. In addition to the time costs information disclosed at Appendix 3 for the period of this report, the Joint Administrators' previous progress reports contained details of the time costs they had incurred as at the date of each report.

To 16 October 2014, the Joint Administrators have also drawn disbursements in the sum of £2,967.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact the Joint Administrators' office and they will arrange to send you a copy.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred and discharged by the Joint Administrators during the period of this progress report is attached at Appendix 4.

8. ASSETS THAT REMAIN TO BE REALISED

Refund due from CQC

The Joint Administrators are currently awaiting a refund of unutilised registration fees from CQC of approximately £3,000. These funds are expected to be received before the administration expires.

Apportionment due from the Purchaser

An amount of £1,518 is due from the Purchaser in respect of apportioned debtor receipts and payroll costs since the completion of the sale.

9. OTHER RELEVANT INFORMATION

Report on Directors conduct

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

Proposed exit route from administration

On present information the Joint Administrators consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as they are satisfied that they have fully discharged their duties as Joint Administrators and that the purpose of the administration has been fully achieved, they will implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by the Joint Administrators to the Registrar of Companies, their appointment as Joint Administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

10. CREDITORS' RIGHTS

Right to request further information

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

Right to make an application to court

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

11. CONCLUSION

The Joint Administrators will report again at the conclusion of the administration, in the coming weeks.



G P Shankland
Joint Administrator

Dated 14/11/14

JOINT ADMINISTRATORS' ACCOUNT OF
RECEIPTS AND PAYMENTS

Period 17 April 2014 to 16 October 2014

Holmwood Nursing Home Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	Notes	From 17/04/2014 To 16/10/2014	From 07/06/2011 To 16/10/2014
SECURED ASSETS			
Goodwill		1,080,000 00	1,080,000 00
Fixed assets		1 00	1 00
Receipts in respect of LPA	2	2,000,089 90	2,000,089 90
		<u>3,080,090 90</u>	<u>3,080,090 90</u>
COSTS OF REALISATION			
Joint Administrators' Fees - Fixed		35,000 00	35,000 00
Joint Administrators' Disbursements - Fixed		40 83	40 83
Agents' Fees		16,200 00	18,350 00
Payments in respect of LPA	2	1,729,220 10	1,729,220 10
Irrecoverable VAT (Fixed)	1	10,248 18	10,884 18
		<u>(1,790,757 66)</u>	<u>(1,793,307 66)</u>
HIRE PURCHASE			
Barclays Asset Finance - Bentley		NIL	1,483 08
		<u>NIL</u>	<u>(1,483 08)</u>
ASSET REALISATIONS			
Fixtures and fittings		119,995 00	119,995 00
Leasehold Property		1 00	1 00
Records		1 00	1 00
Contracts		1 00	1 00
Stock		1 00	1 00
Book Debts		NIL	81,958 65
Settlement Agreement		20,300 00	20,300 00
Council Tax Refund		NIL	175 54
Bank Interest Gross		139 64	734 35
TRADING SURPLUS/(DEFICIT)		<u>108,596 13</u>	<u>278,999 64</u>
		249,034 77	502,167 18
COST OF REALISATIONS			
Joint Administrators' Pre-appt Remuneration		NIL	4,368 00
Joint Administrators' Fees - Floating		105,241 50	159,411 50
Joint Administrators' Expenses - Floating		NIL	1,583 01
Settlement Agreement		20,300 00	20,300 00
Agents Fees		8,100 00	15,987 00
Agents Disbursements		157 50	774 50
Legal Fees (1)		NIL	23,402 30
Legal Disbursements		NIL	1,190 17
Corporation Tax		NIL	28,244 80
Irrecoverable VAT (Floating)	1	27,841 58	79,793 90
Statutory Advertising		NIL	306 90
PAYE & NI		NIL	9,567 54
Bank Charges (Floating)		NIL	172 50
DVLA costs		(2 50)	5 00
		<u>(161,623 08)</u>	<u>(345,343 12)</u>
DISTRIBUTIONS			
Secured Creditor - Barclays Bank Plc		(900,000 00)	(900,000 00)
		<u>476,744 93</u>	<u>542,172 77</u>

REPRESENTED BY	Notes	
Fixed Account	2	380,931 00
Floating Account		995 51
Trading Account - 40k O/D		286,802 76
Trade Debtors	3	357,071 02
Debtor Suspense Account	3	(483,627 52)
		542,172 77

Notes

- 1 The Company is exempt from VAT Therefore, VAT is irrecoverable
- 2 An amount of £270,869 80 held in the Fixed bank account relates to funds due to the LPA Receivership in respect of the sale of the Property These funds have duly been transferred after this reporting period
- 3 Careport are currently in the process of reconciling the trading debtors against receipts This exercise will be complete shortly

JOINT ADMINISTRATORS' TRADING ACCOUNT

Period 17 April 2014 to 16 October 2014

**Holmwood Nursing Home Limited
(In Administration)
Joint Administrators' Trading Account**

**Statement
of Affairs**

	From 17/04/2014 To 16/10/2014	From 07/06/2011 To 16/10/2014
POST APPOINTMENT SALES		
Sales - Nursing Care Fees	560,983 00	4,407,510 08
Sales - Sundry Items	41 00	1,638 93
Sales - Post 7 June apportioned sales	NIL	109,308 66
	<u>561,024 00</u>	<u>4,518,457 67</u>
 ADVANCE FROM BARCLAYS BANK PLC		
Advance from Barclays Bank Plc to fund rents	996,164 00	996,164 00
	<u>996,164 00</u>	<u>996,164 00</u>
 PURCHASES		
Purchases (1)	35,974 46	278,913 11
	<u>(35,974 46)</u>	<u>(278,913 11)</u>
 OTHER DIRECT COSTS		
Direct Labour	258,595 07	2,124,480 61
Direct Expenses	NIL	57 90
PAYE / NIC	84,507 86	514,930 94
	<u>(343,102 93)</u>	<u>(2,639,469 45)</u>
 TRADING EXPENDITURE		
Refund of care home fees	NIL	29,604 40
Utilities - Gas, Electricity & Water	14,933 76	119,971 23
Rents	996,164 00	996,164 00
IT Agent's fees	NIL	1,930 97
Telephone	520 23	5,127 83
Furniture	NIL	6,042 48
Insurance	54 03	7,621 89
Professional Fees	3,539 00	26,268 04
Bank Charges (Trading)	30 00	1,977 77
Lost property compensation	NIL	2,500 00
Lease/HP Payments	NIL	714 00
Managing Agents Disbursements	5,813 84	77,298 59
Repairs & Maintenance	8,731 86	259,700 30
Sundry Expenses	5,315 00	20,917 21
Joint Administrators' Fees (Trading)	7,323 50	350,505 00
Vehicle Running Costs	NIL	2,133 71
Carpets/Flooring	NIL	6,725 00
Stationery	11 98	6,749 72
Postages	NIL	113 69
Joint Administrators' Disbursements (Trading)	NIL	1,343 46
Petty Cash	NIL	2,872 40
Managing Agents' Fees	19,000 00	200,369 64
Hairdressers Fees	864 00	7,648 20
Council Tax	537 55	5,420 87
Offset of pre-adm sales invoices	NIL	1,449 48
Legal Fees (Trading)	NIL	1,069 00
Irrecoverable VAT (Trading)	1 6,675 73	174,000 59
Marketing Costs - Agents	NIL	1,000 00
	<u>(1,069,514 48)</u>	<u>(2,317,239 47)</u>
 TRADING SURPLUS/(DEFICIT)	<u><u>108,596 13</u></u>	<u><u>278,999 64</u></u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred,
- d Table of time spent and charge-out value for the period from 17 April 2014 to 16 October 2014, and
- e Cumulative table of time spent and charge-out value for the period from 7 June 2011 to 16 April 2014

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories.

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

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

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £150 per meeting,
- Car mileage is charged at the rate of 45 pence per mile, and
- 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	Barclays Bank PLC – Panel Rates Prior to 1/4/2013	Barclays Bank PLC – Panel Rates Since 1/4/2013
Partner	495	205	215
Director	395	205	215
Senior Manager	365	205	215
Manager	315	205	215
Assistant Manager	270	205	215
Senior Administrator	235	205	215
Administrator	185	205	215
Trainee Administrator	160	205	215
Support	160	205	215

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

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	HOLMWOOD NURSING HOME LIMITED
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	KIRSTIE JANE PROVAN AND GARY PAUL SHANKLAND
DATE OF APPOINTMENT	7 JUNE 2011 AND 24 APRIL 2013 RESPECTIVELY

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

The Joint Administrators traded the Home as a going concern. The Joint Administrators, with the assistance of their agents, liaised with suppliers and other stakeholders to ensure disruption to operations was minimised.

The ongoing trading had been complicated due to the Joint Administrators having to adhere to the stringent compliance requirements of the Care Quality Commission for maintaining care of the Home's residents.

Shortly following appointment, it became apparent that the Home was caring for residents which it was not registered to do so. These residents were predominantly dementia patients which required specialist care, which the Home could not provide. Consequently, a careful exercise was undertaken by the Joint Administrators to relocate these patients to safeguard the welfare of all residents, which ultimately complicated the case further.

The case has been further complicated as the Joint Administrators have had to deal with significant correspondence from the representatives of the directors of the Company and Holmcroft Properties Limited in respect of queries raised surrounding loans granted by Barclays Bank Plc.

In addition, HMRC have been undertaking investigations into the Company's pre-administration tax affairs. The Administrators have been required to respond extensively to HMRC's enquiries which remain ongoing.

1.3 The office holders' effectiveness

The Joint Administrators consider that realisations have been enhanced by trading the care home in administration. No goodwill value would have been realised if the Care Home had to ceased trading.

The sale of the Company's business and assets has resulted in a distribution being made to the Bank and thus, achieving the purpose of the administration 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).

1 4 Nature and value of property dealt with by the office holders

The main asset of the Company is the business at the Home which was sold on 28 August 2014

The value of the property dealt with by the Joint Administrators is as follows

Assets	Consideration (£)
Goodwill	1,080,000
Fixtures and Fittings	119,995
Books and Records	1
Contracts	1
Fixed Assets	1
Leasehold Property	1
Stock	1
TOTAL	1,200,000

1 5 Anticipated return to creditors

Secured creditor

During the period a distribution of £900,000 has been made to the Bank under the terms of their security. A second and final distribution will be made to the Bank prior to closure of the administration and once all remaining costs of the administration have been discharged.

In terms of the Bank's cross guarantee of other assets held within the Holmcroft Properties Limited group, it is anticipated that the Bank will suffer a shortfall under its security. Since other assets within the group remain on market for sale, the level of any shortfall cannot be determined at this time.

Preferential creditors

It is understood that the Company does not operate a pension scheme. In addition, all employees have been transferred to the Purchasers under The Transfer of Undertakings (Protection of Employment) Regulations 2006. Therefore, the Administrators are not aware of any preferential creditors.

Unsecured creditors

Due to insufficient asset realisations, there will be no distribution to the Company's unsecured creditors.

1 6 Time costs analysis

An analysis of time costs incurred between 7 June 2011 and 16 October 2014 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

The Company's secured creditor has been kept informed of the progress of the administration.

1 8 Approval of fees

The Joint Administrators' fees have been approved by secured creditors and are fixed by reference to the time properly given by us (as Joint Administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

1 9 Approval of Expenses and Disbursements

The Joint Administrators' have approval from creditors to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report

1 10 Category 2 Disbursements

BTG Tax LLP ("BTGT") had been instructed to provide tax advice in respect of the allocation of the proposed sales consideration. At the time of their instruction BTGT were part of the Begbies Traynor Group and this is considered to be a "Category 2" disbursement. On 28 November 2011 BTGT were sold to Smith & Williamson.

BTGT have not rendered an invoice in this regard.

1 11 Other professionals employed & their costs

Solicitors

On appointment the administrators instructed Simmons to advise on various legal matters. Please see the main body of the report for more information. Simmons' fees are charged at Barclays Bank Plc panel rates.

In addition, TLT LLP Solicitors have been instructed to assist with various legal matters surrounding the Care Home's employees.

Employment of Other Agents

Careport

Careport were instructed to undertake the day to day management of the Care Home. Careport were remunerated on a fixed monthly rate of £4,750 plus disbursements and VAT per month. Amounts totalling £71,250 plus VAT have been paid to Careport during the administration.

Healthcare Management Solutions Limited

Until April 2013, HCMS were instructed to undertake the day to day management of the Care Home. HCMS were remunerated on a fixed monthly rate of £4,750 plus disbursements and VAT per month. HCMS's fees totalled £129,120 plus VAT.

Edward Symmons LLP

ES were instructed to sell the Home. ES's remuneration was agreed at 1.5% of the total sale price of the Home and its business.

Amounts totalling £18,000 plus VAT has been paid to Edward Symmons during the administration.

Christies

Christies were instructed as sole marketing agents of the Home, prior to ES's involvement. No fees were paid to Christies.

BTG Tax LLP (now part of Smith & Williamson LLP) ("BTGT")

See 1.10 above

BDO LLP ("BDO")

BDO have been instructed to provide further tax advice in respect of the allocation of the sales consideration and the tax treatment of the Company's leasehold for the Care Home. BDO's fees for this work were capped at £1,500 plus VAT for providing this advice.

In addition, BDO were instructed to assist with the completion of the Company's Corporation Tax return for the periods ending 6 June 2012 and 6 June 2013. BDO's fees were capped at £3,000 plus VAT for undertaking this work for each period.

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, and
- General creditors enquiries,

Additionally, the Administrators and their 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,
- Met with the Bank to discuss the strategy of the administration,
- Held meetings with the employees and relatives of the residents,
- Attended site to monitor the running of the Care Home,
- Liaised with HCMS (latterly Careport) regarding the management and all trading matters of the business,
- Dealt with all necessary statutory matters,
- Dealt with all payment receipts and banking in the administration,
- Enquired into the affairs of the Company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds,
- Considered the conduct of the Company's director and making the appropriate submissions to the Department for Business Innovation and Skills,
- Corresponded with local authorities in respect of residents,

- Acquired the legal title of the Bentley Motor Vehicle with a view to commencing recovery proceedings,
- Dealt with a significant volume of creditor and employee queries,
- Attended internal meetings to discuss case strategy and progress,
- Prepared reports and provided regular updates to the secured creditor,
- Compiled detailed proposals and an estimated outcome statement to creditors in accordance with Schedule B1 - Para 49 (1) of the Insolvency Act,
- Liaised with Simmons, Christies (latterly ES) and the director in respect of sale progression,
- Corresponded with tax advisers regarding sale consideration allocation and corporation tax returns,
- Reviewed and commented on a draft sale and purchase agreement,
- Met with the residents' families at the Care Home,
- Undertaken extensions of the Company's administration periods,
- Provided intended purchasers with Company information to satisfy significant due diligence requests,
- Undertook significant negotiations with the purchasers and achieved a sale of the Company's business and assets
- Completed and lodged the relevant forms at land registry following sale
- Liaised with HM Revenue and Customs in respect of PAYE/NIC matters including various investigations into the Company's pre-appointment tax affairs,
- Reported to Barclays Bank plc,
- Investigated the transfer of the Bentley Motor Vehicle,
- Dealt with solicitors regarding various employee matters,
- Facilitated the transfer of managing agents at the Home,
- Distributing funds to the Bank under the terms of their security,
- Undertaking apportionments with the purchaser for the exchange and completion period,
- Corresponding with all suppliers to ensure liabilities settled

[illegible]

[illegible]

STATEMENT OF JOINT ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Postage	Royal Mail	82 17	56 29	25 88
Travel	Transport for London	3 65	3 65	0 00
Travel	National Rail	13 30	0 00	13 30
Subsistence	London Bridge Station	2 49	0 00	2 49