

The Insolvency Act 1986

# Notice of move from administration to dissolution

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

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

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

having been appointed administrators of (b) Holmwood Nursing Home Limited, 31st Floor, 40 Bank Street, London

(c) Insert date of appointment

on (c) 7 June 2011 by (d) Barclays Bank Plc

(d) Insert name of applicant / appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed

Joint Administrator

Dated

4/11/11

## 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



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COMPANIES HOUSE

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



Begbies Traynor

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

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## **Holmwood Nursing Home Limited (In Administration)**

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Final Progress Report of the Joint Administrators pursuant  
to Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 17 October 2014 to 4 December 2014

## **Important Notice**

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

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Holmwood Nursing Home Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 7 June 2011
"the administrators", "we", "our", "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"	(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 Act
"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

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## 2. STATUTORY INFORMATION

Trading name(s)	Holmwood Nursing Home
Date of Incorporation	25 January 2005
Company registered number	05341566
Company registered office	31 <sup>st</sup> Floor, 40 Bank Street, London, E14 5NR
Former registered offices	32 Cornhill, London, EC3V 3BT 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 resignation	Nigel David Nutting – 24 April 2014
Court	High Court of Justice
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.
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>

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## 4 PROGRESS DURING THE PERIOD

### ACTIONS TAKEN BY THE ADMINISTRATORS DURING THE PERIOD

During the period the Joint Administrators have been required to undertake a reconciliation exercise with the Home's purchasers to determine the balance of funds payable by the Company after accounting for outstanding supplier costs and funds received by the Joint Administrators relating to post completion sales invoices

The Joint Administrators have also had to deal with finalising HM Revenue and Customs various investigations commenced during the administration relating to the Company's pre-appointment tax affairs

During the period also, the Joint Administrators have concluded all administration formalities and made the necessary distributions to the Bank under the terms of its security

### RECEIPTS AND PAYMENTS

Attached at Appendix 1 is the Joint Administrators' abstract of receipts and payments for the period from 17 October 2014 to 4 December 2014 ("the Period") along with receipts and payments from the commencement of the administration to 4 December 2014. Below are our comments in respect of receipts and payments for the period

#### RECEIPTS - TRADING

##### Sales – Nursing Care Fees

During the period amount of £25,852 was paid to the purchasers in respect of personal funds of one resident which had been recorded previously under trading sales. Consequently, it was necessary to reduce sales by the same amount

#### 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

There have been no fixed charged receipts during the Period

#### PAYMENTS – ASSETS SPECIFICALLY PLEDGED

##### Agent's Fees - Fixed

An amount of £700 has been paid to BDO LLP in respect of tax advice

##### Legal Fees

An amount of £38,657 has been paid to Simmons and Simmonds LLP in respect of legal fees incurred relating to the sale of the Company's fixed charged assets

##### Irrecoverable VAT

Amounts totalling £7,731 were incurred in respect of irrecoverable VAT charged on the legal fees

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### **Sale Proceeds to LPA**

An amount of £270,870 has been paid in relation to the LPA Receivership. As reported previously, 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.

### **PAYMENTS - ASSETS NOT SPECIFICALLY PLEDGED**

#### **Joint Administrators' Fees and Expenses**

Amounts of £14,759 and £657 have been paid to Begbies Traynor (Central) LLP in respect of their fees and disbursements respectively.

#### **Agents Fees and Disbursements**

Amounts of £5,000 and £125 have been paid to BDO LLP in respect of their fees and disbursements respectively for preparing and filing the Company's corporation tax returns for the periods ending 6 June 2014 and 7 December 2014.

#### **Legal Fees**

An amount of £35,000 has been paid to Simmons and Simmons LLP in respect of their legal fees incurred during the administration.

#### **Corporation Tax**

Amounts totalling £33,204 has been paid to HM Revenue & Customs in respect of a corporation tax liabilities incurred for the periods ended 6 June 2014 and 7 December 2014.

#### **Irrecoverable VAT**

Amounts totalling £13,194 and £7,000 were incurred in respect of irrecoverable VAT charged on the agents fees and legal fees.

#### **Distributions to Barclays Bank Plc**

An amount of £120,382 has been paid to Barclays Bank Plc during the period under the terms of their security.

## **5. 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 owned the freehold of the Care Home) in respect of its secured indebtedness. The extent of the guaranteed indebtedness was in the region of £4.3million.

During the administration distributions totalling £1,020,382 have been made to the Bank under the terms of its security.

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 accrued rents payable, 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 ADMINISTRATORS' PROPOSALS**

Attached at Appendix 2 is a summary of the Joint Administrators' proposals as deemed approved under Rule 2.33(5) of the Rules in the absence of an initial meeting of creditors.

## **7 SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION**

### **Actions undertaken immediately following appointment**

The Joint Administrators traded the Company in the administration to preserve the operation whilst a purchaser was sought for the Company's business and assets and the Home. Furthermore, through trading, major disturbance to the residents of the Home was avoided.



All employees of the Company were retained and all parties concerned were immediately notified of the appointment, including the local authorities, which placed a significant proportion of residents in the Care Home, and the Care Quality Commission

For the period from June 2011 to April 2013, Healthcare Management Solutions Limited ("HCMS"), a professional care home consultancy, were appointed as managing agents by the Joint Administrators to operate the Home to maintain care standards and ensure the residents received the best care possible

Immediately following appointment, HCMS and the Joint Administrators attended a meeting with the residents' relatives 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

### **Trading**

The day-to-day management of the Home was undertaken by the appointed agents, HCMS and latterly Careport (see below) Through their relations with the local authorities and National Health Service, residents were placed at the Home and monthly trading results recorded a surplus since commencement of the administration

On 24 January 2013, a resident who had been placed at the Home in December 2012, died This individual's death had been under investigation by the Safeguarding Team of the Local Authority due to their specific care requirements Whilst investigations were undertaken, a 'bed block' was issued on the Care Home which prevented new residents being placed at the Care Home for the period 24 January 2013 to 5 April 2013 The bed block was lifted following a review of all other residents at the Home by the Local Authority's Safeguarding team, which raised no concerns

Trading at the Home deteriorated during February and March 2013 due to the death of five residents Whilst these deaths had no cause for concern from a compliance perspective (as we understand they had been terminally ill for some time), the embargo on the Home prevented HCMS from recouping the losses by sourcing new residents during February/March 2013

Due to the findings stated in CQC's published report and the embargo placed on the Care Home, the Joint Administrators, with the authority of the Bank, instructed Careport to take over the management of the Home from HCMS A full clinical and operational handover was undertaken on 29 April 2013

Since Careport's appointment, trading improved considerably and the Company generated a net monthly trading surplus before rental payments/provisions right up to the sale of the Home

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

### **Marketing & Disposal of Business and Leasehold Property**

Following the Joint Administrators' appointment, Christie & Co ("Christies") were appointed to assist with the marketing and disposal of the Company's business and the Home

Since appointment, there had been a number of offers received for the Home, as detailed in previous reports After an extensive marketing period and without any offers materialising into a sale, on 18 March 2013 and with the authority of Barclays, the Joint Administrators instructed Edward Symmons LLP ("ES"), valuation and marketing agents, to market the Care Home on a sole-agency basis Consequently, Christies were instructed to cease acting on the joint administrators' behalves

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 ES 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.

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
<b>TOTAL</b>	<b>1,200,000</b>

### **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 duly investigated the transfer with legal opinion and determined that there is no value to the estate.

### **Tax Investigations**

During the administration 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.

### **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.

## 8. PRE-ADMINISTRATION COSTS

### **Pre-Administration Costs**

In the period prior to the Company entered 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.

## 9. REMUNERATION & DISBURSEMENTS

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 up to 4 December 2014 amount to £604,099 which represents 2,949.4 hours at an average rate of £204.82 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 October 2014 to 4 December 2014, and
- ☐ Cumulative table of time spent and charge-out value for the period from 7 June 2011 to 4 December 2014.

To 4 December 2014, the Joint Administrators have drawn the total sum of £602,352 on account of their remuneration, against total time costs of £604,099 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 3 December 2014, the Joint Administrators have also drawn disbursements in the sum of £3,624.26.

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](http://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.

## 10. 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.

## 11. CREDITORS' RIGHTS

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

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

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

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

## 12. ASSETS THAT REMAIN TO BE REALISED

There are no assets of the Company that remain to be realised.

## 13. 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 directors. They have complied with their duties in this respect.

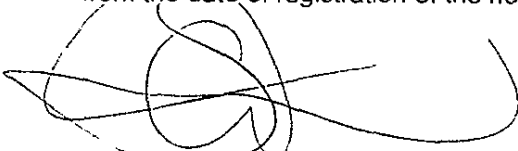
### **Extension of administration**

The administration period was extended with the consent of the secured creditors for a period of 6 months to 6 December 2012

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

## **14. CONCLUSION**

Once the enclosed Notice of move from administration to dissolution (Form 2 35B) has been registered at Companies House (which the Joint Administrators anticipate shortly), their appointment as Joint Administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice



**G P Shankland**  
Joint Administrator

Date 4/11/14

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# ACCOUNT OF RECEIPTS AND PAYMENTS

Period 16 October 2014 to 4 December 2014

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

Statement of Affairs	From 18/10/2014 To 04/12/2014	From 07/06/2011 To 04/12/2014
<b>POST APPOINTMENT SALES</b>		
Sales - Nursing Care Fees	(25,851 93)	4,510,124 34
Sales - Sundry Items	NIL	1,638 93
Sales - Post 7 June apportioned sales	NIL	109,308 66
	<u>(25,851 93)</u>	<u>4,621,071 93</u>
<b>PURCHASES</b>		
Purchases (1)	NIL	278,913 11
	<u>NIL</u>	<u>(278,913 11)</u>
<b>OTHER DIRECT COSTS</b>		
Direct Labour	3,478 99	2,127,959 60
Direct Expenses	NIL	57 90
PAYE / NIC	40,505 42	555,436 36
	<u>(43,984 41)</u>	<u>(2,683,453 86)</u>
<b>TRADING EXPENDITURE</b>		
Refund of care home fees	NIL	29,604 40
Rents	NIL	996,164 00
Apportionment to purchaser	3,008 16	3,008 16
Utilities - Gas Electricity & Water	92 95	120 064 18
IT Agent's fees	NIL	1,930 97
Telephone	17 50	5,145 33
Furniture	NIL	6,042 48
Insurance	NIL	7,621 89
Professional Fees	NIL	26,268 04
Bank Charges (Trading)	NIL	1,977 77
Lost property compensation	NIL	2,500 00
Lease/HP Payments	NIL	714 00
Managing Agents Disbursements	1,606 80	78,905 39
Repairs & Maintenance	NIL	259,700 30
Sundry Expenses	NIL	20,917 21
Joint Administrators' Fees (Trading)	42,677 00	393,182 00
Vehicle Running Costs	NIL	2,133 71
Carpets/Flooring	NIL	6,725 00
Stationery	NIL	6,749 72
Postages	NIL	113 69
Joint Administrators' Disbursements (Trading)	NIL	1,343 46
Petty Cash	NIL	2,872 40
Managing Agents' Fees	4,750 00	205,119 64
Hairdressers Fees	NIL	7,648 20
Council Tax	143 50	5,564 37
Offset of pre-adm sales invoices	NIL	1,449 48
Legal Fees (Trading)	NIL	1,069 00
Irrecoverable VAT (Trading)	1,248 86	175,249 45
Marketing Costs - Agents	NIL	1,000 00
	<u>(53,544 77)</u>	<u>(2,370,784 24)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<u>(123,381 11)</u>	<u>(712,079 28)</u>

Statement  
of Affairs

From 18/10/2014  
To 07/12/2014

From 07/06/2011  
To 07/12/2014

SECURED ASSETS

Goodwill	NIL	1,080,000 00
Fixed assets	NIL	1 00
Receipts in respect of LPA	NIL	2,000,089 90
	NIL	3,080,090 90

COSTS OF REALISATION

Office Holders Fees	NIL	35,000 00
Office Holders Expenses	700 00	740 83
Agents' Fees	NIL	18,350 00
Legal Fees	38,656 60	38,656 60
Payments in respect of LPA	NIL	1,729,220 10
Irrecoverable VAT (Fixed)	7,731 32	25,615 50
Sale proceeds to LPA	270,869 80	270,869 80
	(309,664 92)	(2,118,452 83)

HIRE PURCHASE

Barclays Asset Finance - Bentley	NIL	1,483 08
	NIL	(1,483 08)

ASSET REALISATIONS

Advance from Barclays Bank Plc	NIL	996,164 00
Leasehold Property	NIL	1 00
Records	NIL	1 00
Fixtures and fittings	NIL	119,995 00
Stock	NIL	1 00
Contracts	NIL	1 00
Book Debts	NIL	81,958 65
Settlement Agreement	NIL	20,300 00
Council Tax Refund	NIL	195 54
Bank Interest Gross	NIL	734 35
TRADING SURPLUS/(DEFICIT)	(123,381 11)	(712 079 28)
	(89,781 45)	507,272 26

COST OF REALISATIONS

Joint Administrators' Pre-appt Remuneration	NIL	4,368 00
Joint Administrators' Fees (Floating)	14,758 50	174,170 00
Joint Administrators' Expenses (Floating)	656 96	2,239 97
Settlement Agreement	NIL	20,300 00
Agents Fees	5,000 00	20,987 00
Agents Disbursements	125 00	899 50
Legal Fees (1)	35,000 00	58 402 30
Legal Disbursements	NIL	1,190 17
Corporation Tax	33,203 62	61,448 42
Irrecoverable VAT (Floating)	13,194 17	92,988 07
Irrecoverable VAT (Fixed)	7,000 00	NIL
Statutory Advertising	NIL	306 90
PAYE & NI	NIL	9,567 54
Bank Charges (Floating)	NIL	172 50
DVLA costs	NIL	5 00
	(73,335 46)	(447,045 37)

DISTRIBUTIONS

Distributions to Barclays Bank PLC	120,381 88	1,020,381 88
	(120,381 88)	(1,020,381 88)
	(593,163 71)	0 00



## SUMMARY OF JOINT ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

- 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
- 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,
- 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

our 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

- vii These proposals shall be subject to such modifications or conditions as the Court may approve or impose
- viii 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
- ix 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

## 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 16 October 2014 to 4 December 2014,
- e Cumulative table of time spent and charge-out value for the period from 7 June 2011 to 4 December 2014

[illegible]

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

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

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

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £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,

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

<sup>2</sup> 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

## 1 CASE OVERVIEW

#### 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
<b>TOTAL</b>	<b>1,200,000</b>

#### 1 5 Anticipated return to creditors

##### Secured creditor

During the administration distributions totalling £1,020,382 has been made to the Bank under the terms of their security

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 4 December 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 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 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.

#### *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, 6 June 2013, 6 June 2014 and 7 December 2014. In total, BDO's fees were capped at £8,000 plus VAT for undertaking this work.

## **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 their 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 Joint 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,
- Corresponded with all suppliers to ensure liabilities settled, and
- Closing the case