

The Insolvency Act 1986

## Statement of administrator's proposals

Name of Company <b>CHURCHILL COURT PROPCO LIMITED</b>	Company number <b>05416743</b>
In the <b>HIGH COURT OF JUSTICE, CHANCERY DIVISION</b> <b>COMPANIES COURT</b> [full name of court]	Court case number <b>3246 of 2010</b>

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

I/We (a) **DANIEL ROBERT WHITELEY SMITH AND  
ROBERT HARRY PICK OF GRANT THORNTON  
UK LLP, 30 FINSBURY SQUARE, LONDON  
EC2P 2YU**

\* Delete as applicable

attach a copy of \*my / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) **7 June 2010**

Signed

Joint / Administrator(s)

Dated

**7 June 2010**

### 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

	Tel
DX Number	DX Exchange



FRIDAY

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\*AJCIMKRRK\*  
11/06/2010  
COMPANIES HOUSE

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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

Our Ref MBB/ACM/DRS/C00168/PF7 Proposals

**TO THE CREDITORS**

**Recovery and Reorganisation**

**Grant Thornton UK LLP**  
30 Finsbury Square  
London EC2P 2YU

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[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

7 June 2010

Dear Sirs

**Churchill Court Propco Limited - In Administration (the Company)**  
**In the High Court of Justice, Chancery Division, Companies Court: No 3246**  
**of 2010**

**1 INTRODUCTION**

1 1 Following the appointment of Daniel Smith and I as joint administrators of the Company by the security trustee, The Royal Bank of Scotland plc (RBS), acting on behalf of the senior lenders on 19 April 2010, I am submitting my proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the administration

1 2 This report contains the information required by Rule 2.33 of the Insolvency Rules 1986

1 3 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them

**2 STATUTORY INFORMATION**

2 1 The Company's statutory details are summarised in Appendix A

2 2 The administration constitutes "main proceedings" under the EC Regulation on Insolvency Proceedings

**3 BACKGROUND TO ADMINISTRATORS' APPOINTMENT**

3 1 The Company forms part of the Loyd's Group of Companies (the Group) which consists of the following companies

**Chartered Accountants**

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP  
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

Loyds Nursing Homes UK Limited  
 Loyds Crown Chiltern Limited  
 Loyds Propco Holdco Limited  
 Crown Albany Care Limited  
 Chiltern Care Holdings Limited  
 Loyds Propco No 1 Limited  
 Loyds Securities No14 Limited  
 Loyds Propco No 2 Limited  
 Loyds Careco UK Limited

All of the above companies were also placed into Administration by RBS, acting as agent for the syndicate of lenders, on 19 April 2010 with Daniel Smith and Robert Pick appointed as joint administrators

- 3 2 The Group holds a freehold property portfolio which rents out 64 nursing homes acquired in 2008. The properties were originally funded to £191.5m secured by a facility consisting of £154m of senior debt and £37.5m junior and mezzanine facilities and the issue of £22m of discounted bonds. The senior debt was provided by a syndicate of banks,

Nationwide Building Society  
 Deutsche Postbank AG  
 Alliance and Leicester  
 The Bank of Ireland  
 The Cooperative Bank plc  
 Allied Irish Bank plc

- 3 3 The junior and mezzanine facility were provided by RBS, who act as security trustee on behalf of the above Senior Lenders. RBS also provided an interest hedge on all facilities. The bonds were issued by Braxton Holding Limited. Subsequently additional funding was provided by an inter-company loan from Arazim (Gibraltar) Limited.

- 3 4 At the date of the appointment the freehold properties were held by the following subsidiary companies as follows,

Loyds Propco No 1 Limited	57 properties
Loyds Propco No 2 Limited	4
Churchill Court Propco Limited	1
Crown Albany Care Limited	1
Chiltern Care Holdings Limited	1

- 3 5 Grant Thornton UK LLP (the firm) was first consulted by the Senior Lenders, who hold a qualifying floating charge over the assets of the Company in February 2009, with a view to giving advice on the Company's and Group's financial position. The Senior Lenders then instructed the firm to undertake an Independent Business Review (IBR).

- 3 6 Prior to that consultation, neither I nor the firm, had any dealings or involvement with the Company, the directors or its secretary.

- 3 7 The firm carried out an IBR into the Group's financial position and produced a letter of advice to the Senior Lenders on 19 March 2009. The IBR revealed that the Lenders' position

was significantly under threat from potential action by a third party to recover an inter-company debt. Furthermore, the proposed consensual restructuring proposal from the directors was not acceptable to the Lenders. The decline in the property market greatly increased the risk of the Lenders' security position.

3.8 Having considered all the options and in order to protect their position, the Senior Lenders considered that the best route for the Company was for it to be placed into administration and subsequently, on 16 April 2010 a notice of intention to appoint administrators was filed.

3.9 Following the consent of the Senior Lenders, on 19 April 2010, RBS in its capacity as security trustee, made the direct appointment of administrators in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986.

#### **4 CONDUCT OF THE ADMINISTRATION**

##### **Trading and financing of the administration**

4.1 Upon my appointment the assets of the Group were immediately insured.

4.2 The Administrators intend to continue to collect rents due from the properties whilst marketing the portfolio.

4.3 Information has been sought from the Company's property agents with regard to managing the portfolio and marketing of the portfolio has commenced.

4.4 To facilitate the sale of the portfolio the properties have been transferred to newly formed subsidiary companies. These subsidiary companies are subject to inter-company debt in respect of the consideration for any properties transferred.

4.5 A receipts and payments account has not been included in these proposals as, to date, there have been no receipts or payments.

#### **5 ASSETS AND LIABILITIES**

5.1 The directors have been requested to prepare a statement of affairs of the Company, but have not yet done so. An estimate of the financial position of the Company is attached at Appendix B, together with a list of the names and addresses of the creditors.

5.2 On present information it is unlikely that there will be any floating charge realisations and accordingly no distribution to the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986.

##### **Assets**

5.3 The Company owns the freehold title of the property known as Churchill Court. The value of this property is currently uncertain.

## **Liabilities**

### **Secured Creditors**

- 5 4 RBS act as security trustee for the secured group of Lenders and hold a valid fixed and floating charge dated 29 September 2005. The security is cross-collateralised over the assets of all of the companies within the Group.

- 5 5 The list below details the Senior Lenders and their estimated current exposure,

Nationwide Building Society	£27.3m
Deutsche Postbank AG	£27.3m
Alliance and Leicester	£27.3m
The Bank of Ireland	£18.1m
The Cooperative Bank plc	£13.6m
Allied Irish Bank plc	£26.3m
<b>SENIOR LENDERS TOTAL</b>	<b>£139.9m</b>

Senior Hedge £13.7m

**TOTAL £153.6m**

- 5 6 RBS holds a further secured junior and mezzanine level of debt to the value of c £30m

### **Preferential Creditors**

- 5 7 The Company has no known preferential creditors at the date of appointment.

### **Unsecured Creditors**

- 5 8. The position as regards the Company's unsecured creditors is currently unknown. A schedule detailing the possible unsecured creditors is detailed in the estimated Statement of Affairs.

## **6 PROPOSALS FOR ACHIEVING THE OBJECTIVE OF THE ADMINISTRATION**

- 6 1 In accordance with paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the administrators must perform their functions with the objective of

- a) Rescuing the Company as a going concern, or
- b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
- c) Realising property in order to make a distribution to one or more secured or preferential creditors

- 6 2 The administrators will pursue the objective of realising property in order to make a distribution to one or more secured or preferential creditors.

- 6 3 In the event that any proceedings are brought against the Company, the administrators will continue the Company's defence, so far as he believes appropriate, bearing in mind the objective of selling the business assets as a going concern and mindful of the need to balance the costs of continuing the defence as against the potential detriment to creditors of

abandoning the defence if it appears that funds may be available to the creditors following the conclusion of the administration

- 6 4. It is proposed that the administration will end by the Company going into liquidation. If the Company is placed into liquidation it is proposed that the administrators in office at that date will be appointed joint liquidators. However, creditors may nominate a different liquidator if nomination to that effect is received before the approval of these proposals.

## **7 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

- 7 1. Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request.
- 7 2. The administrators propose that their remuneration be calculated according to the time properly given by the administrators and their staff in attending to matters arising in the administration. The administrators will seek approval from the secured creditors in accordance with paragraph 2 106 (5A) of the Insolvency Act 1986.
- 7 3. The administrators will charge out of pocket expenses at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.
- 7 4. The senior lenders have contributed to an escrow account to fund the administrators' remuneration and disbursements. These funds will subsequently be reimbursed from funds held in the administration in priority to the claims of creditors.
- 7 5. In accordance with Statement of Insolvency Practice 9, I attach at Appendix C a summary of the joint administrators' time costs from 19 April 2010 to 28 May 2010, by grade of staff and by type of work. Time costs for this period amounted to £3,366 representing 12 hours at an average of £290 per hour.
- 7 6. The standard charge out rates for the Recovery and Reorganisation Department at Grant Thornton UK LLP are detailed in Appendix D.

## **8 MEETING OF CREDITORS**

- 8 1. A meeting of creditors has not been convened because, in accordance with paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, I am of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A of the Insolvency Act 1986.
- 8 2. The proposals contained in this statement will be deemed to have been approved by the creditors unless, within 12 days of this statement being sent out, a meeting is requisitioned by creditors whose debts amount to at least 10% by value of the total debts of the Company.

Should you have any queries please contact Mark Birbeck on 020 7728 2079

Yours faithfully  
for and on behalf of Churchill Court Propco Limited

A handwritten signature in black ink, appearing to be 'R Pick', written over a horizontal line.

Robert Pick  
Joint Administrator

The affairs, business and property of Churchill Court Propco Limited are being managed by  
Daniel Smith and Robert Pick, appointed as joint administrators on 19 April 2010

**Churchill Court Propco Limited - In Administration****Appendix A****Statutory Details**

<b>Registered number</b>	05416743
<b>Date of incorporation</b>	7 April 2005
<b>Registered office</b>	30 Finsbury Square, London EC2P 2YU
<b>Issued share capital</b>	1 ordinary share at £1
<b>Shareholder</b>	Loyds Nursing Homes UK Limited
<b>Directors:</b>	J Muntwyler L Rechsteiner P Den Hollander T Casari



**A - Summary of Assets**

<b>Assets</b>	<b>Book value</b>	<b>Estimated to realise</b>
	£	£
<b>Assets subject to fixed charge</b>		
Property	2,730,000	Uncertain
Debtors	21,185	Uncertain
Less due to chargeholder	(183,600,000)	(183,600,000)
<b>Surplus</b>	<b>(180,848,815)</b>	<b>Uncertain</b>
<b>Assets subject to floating charge</b>	-	-
<b>Estimated total assets available for preferential creditors</b>	<b>(180,848,815)</b>	<b>Uncertain</b>

## A1 - Summary of Liabilities

<b>Estimated total assets available for preferential creditors</b>	Uncertain
<b>Liabilities</b>	
Preferential creditors	-
<b>Estimated surplus as regards preferential creditors</b>	<u>Uncertain</u>
Estimated prescribed part of net property where applicable	-
<b>Estimated total assets available for floating charge holders</b>	<u>Uncertain</u>
Debts secured by floating charge	-
<b>Estimated assets available after floating charges</b>	<u>Uncertain</u>
Estimated prescribed part of net property brought down	-
<b>Total assets available to unsecured creditors</b>	<u>Uncertain</u>
Unsecured non preferential claims	Uncertain
<b>Estimated deficiency as regards creditors</b>	<u>Uncertain</u>
Issued and called up capital	1
<b>Estimated deficiency as regards members</b>	<u>Uncertain</u>

NAME	ADDRESS 1	ADDRESS 2	ADDRESS 3	ADDRESS 4	ADDRESS 5	AMOUNT
Ms S Leuchars	Allied Irish Bank	St Helen's	1 Undershaft	London	EC3A 8AB	26,348,169 15
Mr A Kashim	Nationwide Building Society	Kings Park Road	Moulton Park	Northampton	NN3 6NW	27,256,726 66
Deutsche Postbank AG	61 Queen Street	London	EC4R1AF			27,256,726 66
Alliance & Leicester	2 Triton Square	Regent's Place	London	NW13AN		27,256,726 69
The Bank of Ireland	Alhambra House	9 Saint Michael's Road	Croydon, Surrey			18,171,151 13
The Cooperative Bank	The Co-operative Bank p l c	(990937) P O Box 101	1 Balloon Street	Manchester, M60 4EP		13,628,363 34
Ms A Bopp	The Royal Bank of Scotland plc	135 Bishopsgate	London	EC2M 3UR		Unknown
Mr D Gilder	Ask Re The Property People LLP	3rd Floor	2 Gees Court	St Christopher's Place		Unknown
Martin & Heller	5 Northend Road	Golders Green	London	NW11 7RJ	London W1U 1JA	Unknown
Mr R Kaufman	Flaggate LLP	25 North Row	London	W1K 6DJ		Unknown

**Company Shareholders**  
Issued share capital

<u>Name of Shareholder</u>	<u>Address</u>	<u>No of shares held</u>	<u>Nominal value (£)</u>	<u>Details of shares held</u>
Loyd's Nursing Homes UK Limited	Grant Thornton UK LLP, 30, Finsbury Square, London EC2P 2YU	1	1	Ordinary

## Churchill Court Propco Limited - In Administration

SIP 9 WIP ANALYSIS FOR THE PERIOD FROM 19 APRIL 2009 TO 28 May 2010		Partner		Manager		Senior		Admin/Support		Total		Average	
		Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	Hourly Rate
Administration and Planning		0 00	0 00	2 00	816 00	3 00	663 00	0 00	48 00	6 00	1,526 00	273 00	
Investigations		0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets		1 00	561 00	2 00	528 00	0 00	88 00	0 00	0 00	3 00	1,177 00	380 00	
Creditors		0 00	0 00	1 00	363 00	1 00	209 00	1 00	91 00	3 00	663 00	229 00	
Trading		0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
<b>Grand Total</b>		<b>1 00</b>	<b>561 00</b>	<b>5 00</b>	<b>1,707 00</b>	<b>4 00</b>	<b>960 00</b>	<b>1 00</b>	<b>139 00</b>	<b>12 00</b>	<b>3,366 00</b>	<b>290 00</b>	

**Administration & Planning**

Includes, case planning, statutory returns, maintenance of bank accounts and estate records, matters relating to tax, general correspondence, legal advice, meetings, employee matters

**Investigations**

Includes, Statutory duty of investigation into company's affairs under Statement of Insolvency Practice (SIP2)

**Realisation of Assets**

Includes, dealing with the sale of the business and the assets of the Company, dealing with Solicitors, collecting book debts

**Creditors**

Includes, correspondence with preferential and unsecured creditors, pensions and employees

**Trading**

Includes, time on site

**Churchill Court Propco Limited - In Administration****Grant Thornton UK LLP Charge Out Rates**

	19 April to date
Partner	410 - 510
Director	420
Associate Director	385
Manager	330
Assistant Manager	275
Executive 2	205 - 250
Executive 1	230
Administrator 2	165 - 190
Administrator 1	135 - 140
Secretary	130
Filing Clerk	130
Treasury	150