

The Insolvency Act 1986

Administrators' progress report

Name of Company Castlebeck Care (Teesdale) Limited	Company number 02050483
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 1618 of 2013

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

We (a)
Daniel Smith
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

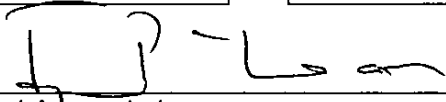
David J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Joseph P McLean
Grant Thornton UK LLP
Earl Grey House
75 – 85 Grey Street
Newcastle upon Tyne
NE1 6EF


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

From (b) 22 January 2015	To (b) 21 July 2015
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Signed


 Joint Administrator

Dated


 31 Jan 2015
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

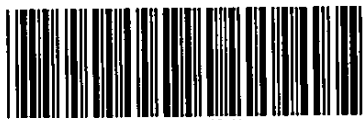
The contact information that you give will be visible to searchers of the public record

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Our Ref JMcL/PWS/SB/C01678/PF7
Your Ref

To the Creditors

31 July 2015

Dear Sirs

Advisory

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Castlebeck Care (Teesdale) Limited - In Administration (the Company)

**High Court of Justice, Chancery Division, Companies Court
No 1618 of 2013**

1 Introduction

- 1.1 Following the appointment of my partners, Daniel Smith, David J Dunckley, and I, as Joint Administrators of the Company by the directors on 5 March 2013, I now report on the progress of the Administration to 21 July 2015 and attach
 - Appendix A Form 2.24B, together with an account of our receipts and payments for the period from 22 January 2015 to 21 July 2015 and also for the whole Administration to date
 - Appendix B a statement of the remuneration charged by the Joint Administrators in the period 22 January 2015 to 21 July 2015 and a statement of expenses incurred in the period
 - Appendix C an analysis of our firm's time costs as required by Statement of Insolvency Practice 9
 - Appendix D an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Administrator (Rule 2.48A)
 - Appendix E an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Administrator's remuneration or expenses, if excessive (Rule 2.109)
- 1.2 Daniel Smith and David J Dunckley are authorised by the Insolvency Practitioners Association and I am authorised by The Institute of Chartered Accountants of Scotland to act as insolvency practitioners
- 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

Chartered Accountants

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2 Statutory information

2 1 The Company's statutory details are as follows

Registered number	02050483
Registered office	c/o Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

3 Pre-appointment expenses

3 1 In our proposals dated 26 April 2013 we advised that time costs of £36,000 had been incurred with the view to the Company entering Administration and the planning of the Administration to ensure that the care to patients and residents would not be interrupted. These time costs were discussed with the secured creditors and on 18 December 2013 we obtained approval for the payment of these time costs.

4 Progress report

4 1 The objective of the Administration, as set out in the Joint Administrators' proposals dated 26 April 2013, was to pursue the objective of realising assets for the benefits of the secured creditors.

4 2 Our strategy for achieving these objectives was to continue to manage the business of the Company for so long as we believed it appropriate in attempting the more advantageous realisation of assets.

Assets

Property portfolio

4 3 As advised in our report dated 4 October 2013, the business and assets of the Company were sold to Danshell Healthcare Limited (Danshell) on 3 September 2013. In addition to the sales proceeds, deferred consideration of £250,000 was due within three months of completion and further consideration of between £250,000 and £1 million was due within 16 months of completion depending on the occupancy levels at one of the homes.

4 4 As previously noted the first payment of deferred consideration of £250,000 was received in the period to 21 July 2014. The final payment fell due on 3 January 2015 but this payment was not received by the Joint Administrators until March 2015 following a period of further negotiation which resulted in a minor reduction in this consideration (£220,000 was received).

Book debts

4 5 At the date of appointment the Company had book debts of £561,000. To date £514,132 has been collected and no further realisations are expected.

- 4 6 As mentioned in our previous report a potential VAT refund (referred to as a Kingcrest VAT refund) had been identified and we were in negotiations with the Local Authorities and HMRC. The Local Authorities have, unfortunately, changed their position in relation to such claims and there is no longer a prospect of any refund.

Prescribed Part

- 4 7 Due to the quantum of trading losses, which has been funded with the agreement of the secured creditors from fixed charge realisations, I can advise that there is no return to the unsecured creditors by virtue of the Prescribed Part payment.

Liabilities

Secured creditors

- 4 8 As previously advised, the Company provided security to the Group's lenders.
- 4 9 The directors' statement of affairs indicate a debt due to the Lenders at the date of appointment of £217 million. There is, therefore, no prospect of the Lenders being repaid in full.
- 4 10 To date £21,506,000 million (this includes sums paid by Castlebeck Property Holdings Limited and Castlebeck Care Holdings Limited) has been paid to the Lenders on account (under their fixed charge security).

Preferential creditors

- 4 11 As previously advised, as part of the sale process all 835 members of staff transferred under TUPE regulations to Danshell. There are, therefore, no preferential creditor claims in this regard. However, we are aware that there have been a number of Employment Tribunal cases which may result in preferential claims being received. The claimants in these cases have been informed that, due to the level of trading losses, there is no prospect of a dividend to preferential creditors in this matter.

Unsecured creditors

- 4 12 As advised above, there will be no return to the unsecured creditors by virtue of the Prescribed Part payment.

Other matters

- 4 13 As advised in our proposals dated 26 April 2013, the Administration will end by the Joint Administrators filing a notice to dissolve the Company.
- 4 14 As previously advised there are various insurance claims against the Company, which relate to both prior to our appointment, and during the Administration. These claims are being handled by our insurers and require no input from the Administrators.

- 4 16 As you will note from Appendix A there is currently a sum of £31,441 held in respect of resident monies. These monies are held on behalf of the residents, in a designated bank account, for use by the residents when required. The amount remaining is in respect of one resident who, prior to our appointment, transferred to another care provider but sadly passed away shortly thereafter. Unfortunately, the resident died intestate and, despite, extensive enquiries with a variety of government bodies the Joint Administrators have been unable to transfer these monies to a relevant beneficiary.
- 4 17 Denton UKMEA LLP, on behalf of the Joint Administrators, is in the process of preparing an application to Court under section 63 of the Trustee Act 1925 for directions in relation to these monies.
- 4 18 The order also requests approval from Court that the remuneration, costs and expenses incurred in relation to the investigation and preparation of this application be borne from the trust monies and be limited to the sum of £3,000 (including VAT).

5 Joint Administrators' remuneration and expenses

- 5 1 Ordinarily the legislation provides that the creditors' committee, if appointed, should determine the basis of the Joint Administrators' remuneration, and if no committee is appointed, a resolution of creditors is required. In this Administration, however, as no committee was appointed and, as we are of the opinion that there will be no funds available for the unsecured creditors, responsibility for the agreement of the Joint Administrators' remuneration and expenses falls upon the secured creditors. That is because it is this class of creditor that ultimately will bear these costs.
- 5 2 In accordance with Statement of Insolvency Practice (SIP 9), I attach at Appendix C a summary of the Administrators' time costs to 21 July 2015 by grade of staff and type of work. This shows total time costs of £2,259,363.70.
- 5 3 I can advise that Administrators' remuneration of £2,487,215 has been taken to date as indicated in Appendix A. This remuneration reflects the secured creditors' agreement to our firm drawing remuneration in relation to Administration time costs incurred in other group companies. As there is no dividend to any other class of creditor other than the secured creditors, this will have no impact on any other creditor except for the secured creditors.
- 5 4 Joint Administrators' remuneration of £51,000 and expenses of £564 respectively have been taken in the period as indicated in Appendix B.
- 5 5 Background information regarding the fees of Administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.

7 Other expenses incurred by the joint administrators

7.1 Details of other expenses incurred in the period to 21 July 2015 are disclosed at Appendix B. You will note that these primarily relate to

- legal fees (Denton UKMEA LLP £8,200)
- storage costs
 - Restore (£6,441.75) for the storage and destruction of 425 boxes in respect of Winterbourne View, Rose Villa and Arden Vale for three years
 - Lingfield Warehousing & Logistics Ltd (£1,802.96) for the monthly storage charges in respect of Winterbourne View records and the charges in respect of removal of said boxes
 - Cintas Document Management (£457.40) for the storage and subsequent destruction of Joint Administrators' case files after seven years

8 Closing comments

8.1 I trust the above report is self-explanatory but if you require any further explanation please revert to my colleague Philip Stephenson (T 0191 203 7791)

Yours faithfully
for and on behalf of Castlebeck Care (Teesdale) Limited



Joseph P McLean
Joint Administrator

The affairs, business and property of Castlebeck Care (Teesdale) Limited are being managed by Daniel Smith, David J Dunckley and Joseph P McLean, appointed as Joint Administrators on 5 March 2013

Enc

A Abstract of the Joint Administrators' receipts and payments

Castlebeck Care (Teesdale) Limited - In Administration

Receipts and payments account as at 21 July 2015

	Statement of affairs / £	Fixed Charge / £	Floating Charge / £	Total / £
RECEIPTS				
Realisations				
Freehold properties	18,825,000	10,052,199		10,052,199
Goodwill / intellectual property	-	13,928,161		13,928,161
Chattels	140,000	-	447,373	447,373
Stock		-	15,000	15,000
Motor vehicles	140,000	-	312,831	312,831
Book Debts	505,000	-	514,132	514,132
Other	29,000	-	474	474
Trading		-	-	-
Sales		-	14,197,082	14,197,082
Cash at Bank		-	100,000	100,000
Bank Interest		7,727	-	7,727
Resident Monies		-	31,441	31,441
Sundries		-	18,332	18,332
Loan from Fixed account			3,650,000	3,650,000
	19,639,000	23,588,087	19,284,684	43,272,751
PAYMENTS				
Trading				
Purchases		-	708,989	708,989
Subscriptions		-	13,941	13,941
Client/Resident Contribution		-	783	783
Rents		-	68,200	68,200
Council Tax & Rates		-	55,451	55,451
Heat & Light		-	245,999	245,999
Accommodation & Travel		-	82,199	82,199
Telephone		-	67,846	67,846
Employment Agencies		-	1,510,879	1,510,879
Insurance		-	450,588	450,588
Interim management / Professional Fees		-	1,217,665	1,217,665
Bank charges / interest		-	118,522	118,522
Training		-	155,379	155,379
Rental/Lease/HP Payments		-	17,391	17,391
Rental to CBPH		-	1,080,000	1,080,000
IT Services & Support		-	100,999	100,999
Repairs & Maintenance		-	369,057	369,057
Petty Cash		-	317,678	317,678
Property Expenses		-	257,604	257,604
Vehicle Running Costs		-	84,724	84,724
Resident Activities		-	16,752	16,752
Stationery		-	3,050	3,050
Postages		-	7,368	7,368
PAYE/NI		-	2,508,602	2,508,602
Net Wages		-	7,402,398	7,402,398
Other Payroll Deductions		-	397,685	397,685
Licenses		-	1,738	1,738
Pre Appointment Trading Costs		-	607,442	607,442
Sundry Trading Costs		-	8,277	8,277
Trading Costs (To Be Reallocated)				
Trading Creditors (To Be Reallocated)				
Loan to Floating account		3,650,000	-	3,650,000
Other		-	-	-
Joint Administrators Fees		2,460,023	27,192	2,487,215
Joint Administrators Expenses		-	32,009	32,009
Grant Thornton UK LLP CF		220,214	-	220,214
Agent's Fees		-	7,025	7,025
Legal Fees		179,274	365,189	544,463
Agent on behalf of the Lenders		16,977,675	-	16,977,675
Statutory Advertising		-	254	254
Storage costs		-	12,993	12,993
VAT irrecoverable		571,902	706,182	1,278,084
		24,059,068	19,008,029	43,067,117
Balances		(71,001)	276,635	205,634

Castlebeck Care (Teesdale) Limited - In Administration

Receipts and payments account for the period 22 January 2015 to 21 July 2015

	Statement of affairs / £	Fixed Charge / £	Floating Charge / £	Total / £
RECEIPTS				
Realisations				
Freehold properties	18,825,000	(250,000)	-	(250,000)
Goodwill / intellectual property	-	470,000	-	470,000
Chattels	140,000	-	-	-
Stock	-	-	-	-
Motor vehicles	140,000	-	-	-
Book Debts	505,000	-	-	-
Other	29,000	-	20	20
Trading				
Sales	-	-	(3,544)	(3,544)
Cash at Bank	-	-	-	-
Bank Interest	-	254	-	254
Resident Monies	-	-	(104,758)	(104,758)
Sundries	-	-	-	-
Loan from Fixed account	-	-	-	-
	19,639,000	220,254	(108,282)	111,971
PAYMENTS				
Trading				
Purchases	-	-	(17,713)	(17,713)
Subscriptions	-	-	-	-
Client/Resident Contribution	-	-	-	-
Rents	-	-	-	-
Council Tax & Rates	-	-	5,048	5,048
Heat & Light	-	-	(192)	(192)
Accommodation & Travel	-	-	-	-
Telephone	-	-	-	-
Employment Agencies	-	-	-	-
Insurance	-	-	51,675	51,675
Interim management / Professional Fees	-	-	(6,639)	(6,639)
Bank charges / interest	-	-	(8)	(8)
Training	-	-	-	-
Rental/Lease/HP Payments	-	-	-	-
Rental to CBPH	-	-	-	-
IT Services & Support	-	-	-	-
Repairs & Maintenance	-	-	520	520
Petty Cash	-	-	(70,453)	(70,453)
Property Expenses	-	-	205	205
Vehicle Running Costs	-	-	-	-
Resident Activities	-	-	-	-
Stationery	-	-	-	-
Postages	-	-	-	-
PAYE/NI	-	-	-	-
Net Wages	-	-	-	-
Other Payroll Deductions	-	-	-	-
Licenses	-	-	-	-
Pre Appointment Trading Costs	-	-	-	-
Sundry Trading Costs	-	-	-	-
Trading Costs (To Be Reallocated)	-	-	-	-
Trading Creditors (To Be Reallocated)	-	-	-	-
Loan to Floating account	-	-	-	-
Other	-	-	-	-
Joint Administrators' Fees	-	-	27,192	27,192
Joint Administrators' Expenses	-	-	564	564
Grant Thornton UK LLP CF	-	-	-	-
Agents Fees	-	-	-	-
Legal Fees	-	-	8,200	8,200
Agent on behalf of the Lenders	-	725,000	-	725,000
Statutory Advertising	-	-	-	-
Storage costs	-	-	8,702	8,702
VAT Irrecoverable	-	-	9,062	9,062
		725,000	16,162	741,162
Balances		(504,746)	(124,445)	(629,191)

Notes The reduction of sales follows the refund of overpayments

The movement on petty cash relates to the repayment of petty cash used by Danshell

B Remuneration charged and expenses incurred by the Joint Administrators in the period

	Charged/incurred in period 22/01/2015 to 21/07/2015 £'000	Cumulative charged/incurred to 21/07/2015 £'000	Of which paid to 21/07/2015 £'000
Trading expenses			
Joint Administrators' fees			
Time costs	51	2,259	2,259
Expenses	1	32	32
Professional fees			
Piele Consulting	-	46	46
KPMG	-	18	18
Des Winchester	-	5	5
Legal fees			
Denton UKMEA LLP **	8	5	8
Brodies LLP	-	10	10
Bond Dickinson LLP	-	98	98
Radcliffes Le Brasseur	-	46	46
Burness Paul & Williamson LLP	-	17	17
Agents/valuers			
GVA	-	7	7
Insurance	52	451	451
Other			
Storage costs	9	9	9

** NB as referred to in paragraph 4.18 a portion of the costs incurred to date may be settled from the trust monies

C SIP 9 information

Introduction

The following information is provided in connection with the Joint Administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

	From 5 March 2013
	£
Partners up to	655
Managers up to	455
Administrators up to	320
Assistants and support staff up to	275

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates used from time to time by Grant Thornton UK LLP.

Castlebeck Care (Teesdale) Limited - In Admin - C30201678 - SIP 9 TIME COST

Transaction period All transactions

	Partner			Manager			Administrator/Support Staff			Total		
	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate
Administration and Planning	286.39	187,585.45	655.00	1,045.74	439,494.75	420.51	685.45	188,498.75	275.00	2,016.98	815,578.95	404.36
Creditors	6.00	3,930.00	655.00	77.17	32,797.25	425.00	82.84	22,781.00	275.00	166.01	59,508.25	358.46
Hiatus period											00	
Investigations	7.00	4,585.00	655.00	17.58	7,471.50	425.00	17.65	4,853.75	275.00	42.23	18,910.25	400.43
Realisation of Assets	98.55	64,550.25	655.00	98.51	41,736.75	423.68	489.45	134,598.75	275.00	686.51	240,885.75	350.88
Trading	315.00	206,325.00	655.00	483.21	204,990.50	424.23	2,600.60	715,165.00	275.00	3,398.81	1,126,480.50	331.43
Total	712.94	466,975.70	655.00	1,721.61	726,490.75	421.98	3,875.99	1,065,897.25	275.00	6,310.54	2,259,363.70	358.03

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration