

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  
NE1 6EF

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

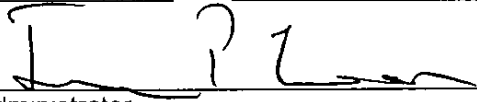
administrator(s) of the above company attach a progress report for the period

(b) Insert date

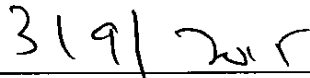
From
(b) 22 July 2015

To
(b) 3 September 2015

Signed

  
 Joint Administrator

Dated


**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

Grant Thornton UK LLP  
Earl Grey House  
75-85 Grey Street  
Newcastle Upon Tyne  
NE1 6EF

T 0191 261 2631

DX Number

DX Exchange

SATURDAY



\*A4FAOSJT\*

A17

05/09/2015

#226

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

Our Ref JMcL/PWS/SB/C01678/PF7

To the Creditors

3 September 2015

Dear Sirs

**Advisory**

Grant Thornton UK LLP  
75 - 85 Grey Street  
Newcastle upon Tyne  
NE1 6EF

T +44 (0)191 261 2631  
F +44 (0)191 261 4994  
www.grant-thornton.co.uk

**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 am now in a position to conclude the Administration. This is the final progress report, including:
- Appendix A Form 2.24B, together with an account of our receipts and payments for the period ended 3 September 2015 in accordance with Rule 2.47 of the Insolvency Rules 1986
  - Appendix B a statement of the remuneration charged by the Joint Administrators in the period 22 July 2015 to 3 September 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 and expenses, if excessive (Rule 2.109)
- 1.2 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 as follows

Registered number

02050483

Registered office

c/o Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

**Chartered Accountants**

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 Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. 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. Please see [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk) for further details.

### **3 Receipts and payments account**

- 3 1 I attach our receipts and payments account at Appendix A. You will note that no amounts have been paid to the unsecured creditors by virtue of the application of section 176A of the Insolvency Act 1986 (the Prescribed Part).

### **4 Report and outcome of the Administration**

- 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 benefit 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 our appointment the Company had book debts of £561,000. To date £517,153 has been collected, including the finalisation of two debts in the period to 3 September 2015, and no further realisations are expected.
- 4 6 As noted previously, 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. However, as advised in our last report, the Local Authorities have changed their position and there is no longer any 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 indicates 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 A total of £21,633 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, all 835 members of staff transferred under TUPE regulations to Danshell as part of the sales process. There are, therefore, no preferential creditor claims in this regard. However, as noted previously, there have been a number of Employment Tribunal cases which may result in preferential claims being received. The claimants in these cases have been advised 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 covered in our previous report, there are various insurance claims against the Company, which relate both prior to our appointment, and during the Administrations. These claims are being handled by our insurers and require no input from the Administrators.

4 14 The report of 31 July 2015 advised that a sum of £31,441 was being held in respect of resident monies and that the Joint Administrators' legal adviser was applying to Court under section 63 of the Trustee Act 1925 for directions in respect of these monies. A request that costs associated with the application (limited to £3,000 including VAT) be borne from the trustee monies was also included in the application.

4 15 On 25 August 2015 the funds held in respect of resident monies, after the deduction of agreed legal costs, was paid into Court.

#### End of the Administration

4 16 As advised in our proposals dated 26 April 2013, the Administration will end by the Joint Administrators filing a notice to dissolve the Company.

## **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 3 September 2015 by grade of staff and type of work. This shows total time costs of £2,261,806.20.
- 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 Background information regarding the fees of administrators can be found at [www.insolvency-practitioners.org.uk](http://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 units of 6 minutes.


## **6 Other expenses incurred by the Joint Administrators**

- 6 1 Details of other expenses incurred in the period to 3 September 2015 are disclosed at Appendix B. You will note these primarily relate to insurance run-off cover.

## **7 Closing comments**

- 7 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

Castlebeck Care (Teesdale) Limited - In Administration

Receipts and payments account as at 3 September 2015

	Statement of affairs / £	Fixed Charge / £	Floating Charge / £	Total / £
<b>RECEIPTS</b>				
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	-	517,153	517,153
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		-	-	-
Sundries		-	16,332	16,332
Loan from Fixed account		-	3,451,777	3,451,777
	19,639,000	23,988,087	19,058,021	43,046,108
<b>PAYMENTS</b>				
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		-	62,199	62,199
Telephone		-	67,846	67,846
Employment Agencies		-	1,510,879	1,510,879
Insurance		-	498,288	498,288
Interim management / Professional Fees		-	1,217,665	1,217,665
Bank charges / interest		-	118,537	118,537
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		3,451,777	-	3,451,777
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
Agents' Fees		-	7,025	7,025
Legal Fees		179,274	366,571	545,845
Agent on behalf of the Lenders		17,104,897	-	17,104,897
Statutory Advertising		-	254	254
Storage costs		-	12,993	12,993
VAT Irrecoverable		571,902	707,057	1,278,959
		23,988,087	19,058,021	43,046,108
Balances				-

## Castlebeck Care (Teesdale) Limited - In Administration

## Receipts and payments account for the period 22 July 2015 to 3 September 2015

	Statement of affairs / £	Fixed Charge / £	Floating Charge / £	Total / £
<b>RECEIPTS</b>				
Realisations				
Freehold properties	18,825,000	-	-	-
Goodwill / intellectual property	-	-	-	-
Chattels	140,000	-	-	-
Stock	-	-	-	-
Motor vehicles	140,000	-	-	-
Book Debts	505,000	-	3,021	3,021
Other	29,000	-	-	-
Trading		-		
Sales				-
Cash at Bank			-	-
Bank Interest		-		-
Resident Monies			(31,441)	(31,441)
Sundries		-	-	-
Loan from Fixed account		-	(198,223)	(198,223)
	19,639,000	-	(226,643)	(226,643)
<b>PAYMENTS</b>				
Trading				
Purchases		-	-	-
Subscriptions		-	-	-
Client/Resident Contribution		-	-	-
Rents		-	-	-
Council Tax & Rates		-	-	-
Heat & Light		-	-	-
Accommodation & Travel		-	-	-
Telephone		-	-	-
Employment Agencies		-	-	-
Insurance		-	47,700	47,700
Interim management / Professional Fees		-	-	-
Bank charges / interest		-	15	15
Training		-	-	-
Rental/Lease/HP Payments		-	-	-
Rental to CBPH		-	-	-
IT Services & Support		-	-	-
Repairs & Maintenance		-	-	-
Petty Cash		-	-	-
Property Expenses		-	-	-
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		(198,223)	-	(198,223)
Other		-	-	-
Joint Administrators' Fees		-	-	-
Joint Administrators' Expenses		-	-	-
Grant Thornton UK LLP CF		-	-	-
Agents Fees		-	-	-
Legal Fees		-	1,402	1,402
Agent on behalf of the Lenders		127,222	-	127,222
Statutory Advertising		-	-	-
Storage costs		-	-	-
VAT Irrecoverable		-	875	875
		(71,001)	49,992	(21,009)
<b>Balances</b>		<b>71,001</b>	<b>(276,635)</b>	<b>(205,634)</b>

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

	Charged/incurred in period 22/07/2015 to 3/09/2015 £'000	Cumulative charged/incurred to 3/09/2015 £'000	Of which paid to 3/09/2015 £'000
Trading expenses			
Joint Administrators' fees			
Time costs	3	2,262	2,259
Expenses	-	-	32
Professional fees			
Piele Consulting	-	46	46
KPMG	-	18	18
Des Winchester	-	5	5
Legal fees			
Denton UKMEA LLP **	1	6	6
Brodies LLP	-	10	10
Bond Dickinson LLP	-	98	98
Radcliffes Le Brasseur	-	46	46
Burness Paull & Williamson LLP	-	17	17
Muckle LLP	1	1	1
Agents/valuers			
GVA	-	7	7
Insurance	47	498	498
Other			
Storage costs	-	9	9

## 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 ANALYSIS

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	287.39	188,240.45	655.00	1,045.14	439,494.75	420.51	691.65	190,203.75	275.00	2,024.18	817,938.95	404.08
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												
Investigations	7.00	4,585.00	655.00	17.58	7,471.50	425.00	17.65	4,853.75	275.00	42.23	16,910.25	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	2,600.90	715,247.50	275.00	3,399.11	1,126,563.00	331.43
Total	713.94	467,630.70	655.00	1,721.61	732,643.75	425.56	3,882.49	1,067,684.75	275.00	6,318.04	2,261,806.20	357.99

## 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