

The Insolvency Act 1986

Administrators' progress report

Name of Company The Ryes School Limited	Company number 02107585
In the HIGH COURT OF JUSTICE, CHANCERY DIVISION, COMPANIES COURT	Court case number 3086 of 2011

We David John Dunckley and James Henry-Stewart Koster of
Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

Joint Administrators of the above company attach a progress report for the period

from

to

28 October 2011

28 March 2012

Signed

Joint Administrator

Dated

16/05/12

WEDNESDAY



A07

A19IH6KX

23/05/2012

#203

COMPANIES HOUSE



Our Ref TWW/ DZW/RES/DJD/JSK/R91162/7

TO THE CREDITORS

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2 May 2012

Dear Sirs

**Ryes School Limited – In Liquidation and formerly in Administration
("the Company")
In the High Court of Justice, Chancery Division, Case numbers:
3085 of 2011.**

1 INTRODUCTION

- 1.1 Following the appointment of David John Dunkley and I as Joint Administrators of the Company, by the Directors, on 28 April 2011, I now report on the progress of the Administration to the date of closure on 28 March 2012 and attach
- Appendix 1, the statutory details of the Company
 - Appendix 2, an account of the receipts and payments for the period ended 28 March 2012 in accordance with Rule 2.47 of the Insolvency Act 1986
 - Appendix 3, an analysis of the Joint Administrators' time costs as required by Statement of Insolvency Practice 9 (SIP9),
 - Appendix 4, Joint Administrators' disbursements incurred in the period & Grant Thornton UK LLP charge out rates,
 - Appendix 5, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Joint Administrators (Rule 2.48A),
 - Appendix 6, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Joint Administrators' fees if deemed excessive (Rule 2.109)

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

2 STATUTORY INFORMATION

- 2.1 The Company's statutory details are provided at Appendix 1
- 2.2 The administrations constituted "main proceedings" under the EC Regulation on Insolvency Proceedings

3 SUMMARY OF ADMINISTRATORS' PROPOSALS

- 3 1 The proposal for the Company was
- 3 2 The Joint Administrators would pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up and/or in order to make a distribution to the Company's first ranking secured creditor, RBS
- 3 3 These objectives have been achieved by completing the sale of the Company's business and certain assets
- 3 4 In the case that resulted in sufficient realisations being received to facilitate a return to the unsecured creditors, it was proposed that the Administration would end by the Company going into Creditors Voluntary Liquidation. Additionally, it was proposed that if the Company be placed into Creditors Voluntary Liquidation that James Stewart-Koster and I be appointed Liquidators

4 ASSETS AND LIABILITIES

Assets

- 4 1 As detailed in our letter of 10 May 2011, immediately following our appointment on 28 April 2011, the Joint Administrators entered into a contract to sell the business and certain assets of The Ryes School Limited and its associated companies RSO Limited and Pump Farm Limited ("the Companies") to The Ryes College Limited ("RCL"). Consideration for this sale totalled £1.6 million across the Companies. Of this, sales proceeds of £721,769 were received from the sale of freehold properties owned by the Company
- 4 2 A freehold property known as Little Henny, which was not sold to RCL, was leased to the RCL for a period lasting five months. RCL paid the Joint Administrators a monthly rent of £5,000 to lease the property and RCL were liable for all of the running and property holding costs throughout the period of occupation
- 4 3 On termination of this 5 month period, on 27 September 2011, Little Henny was vacated. The property was sold on 9 December 2011 for £2,100,000

Book Debts

- 4 4 Book debts totalling £46,040 were recovered by the Company

Petty Cash

- 4 5 Petty cash, totalling £994.00 was realised

Liabilities

Secured Creditors

- 4 6 The Royal Bank of Scotland Plc (the Bank) was owed a total of c.£5 million across the Companies. This debt was secured by way of fixed and floating charges granted by each of the Companies to the Bank, along with fixed charges granted in respect of the Companies' freehold properties. These charges are supported by inter-company guarantees granted by each of the Companies to the Bank in respect of each other entity's debt.
- 4 7 Realisations from the sale of the freehold properties are subject to the Bank's fixed charge security. Accordingly the Bank will be entitled to the proceeds of sale.
- 4 8 To date the Bank have recovered £2,475,000 in respect of fixed charged realisations for the sale of the Freehold properties.

Preferential Creditors

- 4 9 There are no preferential creditors. All employees transferred to RCL on 28 April 2011, pursuant to the Transfer of Undertakings (Protection of Employment) Regulations. RCL became responsible for all employee claims with effect from that date.

Unsecured Creditors

- 4 10 The Company's unsecured creditors are estimated to total £946,264, as listed in the statement of affairs submitted by its directors.

Section 176A of the Insolvency Act 1986 - Prescribed Part

- 4 11 In accordance with S176A of the Insolvency Act 1986 a proportion of net (after costs) funds, if any, realised from the sale or other disposal of assets subject to floating charge security, which would otherwise be payable to the floating charge holder, are to be made available instead to a Company's unsecured creditors.
- 4 12 The sum of money in question, known as the "Prescribed Part", is calculated by applying certain percentages to the Company's "Net Property", which is calculated in accordance with the formula below:

$$\text{Net Property} = \left[\begin{array}{l} \text{Net proceeds from the} \\ \text{realisation of assets} \\ \text{subject to floating} \\ \text{charges (i.e. proceeds} \\ \text{after realisation costs} \\ \text{and costs and expenses} \\ \text{of the Administration)} \end{array} \right] \text{ minus } \left[\begin{array}{l} \text{Debts due to} \\ \text{preferential} \\ \text{creditors} \end{array} \right]$$

4 13 The percentages applied to the Company's Net Property in order to calculate the Prescribed Part are

- 50% of the first £10,000 of Net Property, plus
- 20% of any further Net Property up to a maximum of £2,975,000

4 14 A total of £80,779.48 has been realised in respect of the Company's floating charge realisations. As per S176A of the Insolvency Act 1986, a prescribed part carve out will be distributed to the creditors. Details of this will be provided in due course.

5 CONDUCT OF THE ADMINISTRATION

5 1 Immediately following our appointment, a contract was entered into for the sale of the business and certain assets of the Company.

5 2 In completing the sale to the purchaser Addleshaw Goddard LLP were engaged as our solicitors. In accordance with rule 2.33(2)(a) and 2.33(2B) of Insolvency Act 1986, the secured charge holder authorised that the legal fees incurred pre appointment totalling £33,359 plus VAT and disbursements be met from fixed charge realisations.

5 3 A summary of the Administrators' receipts and payments account covering the period from 28 April 2011 to 28 March 2012 is attached (Appendix 2).

5 4 Having sent notice (Form 2.34B) to the Registrar of Companies and a copy to the court, David Dunckley and James Stewart-Koster were appointed Joint Liquidators of the Company on 28 March 2012.

6 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

6 1 As a declaration was made under paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators' remuneration may be fixed by the approval of

- Each secured creditor of the Company, and
- In so far as any exist, the preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval.

6 2 As there are no preferential creditors of the Company, it was only necessary to seek approval for remuneration from the secured creditor of the Company.

6 3 The Joint Administrators requested from the secured creditor that their remuneration be calculated on a time cost basis, for attending to matters in relation to the Administrations and completing the sale of the Company's assets, according to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administrations.

- 6 4 Background information regarding the fees of Joint Administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees') Alternatively I will supply this information by post on request
- 6 5 The Joint 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 Disbursements to 28 March 2011 are detailed in Appendix 4
- 6 6 Payments of the Joint Administrators' remuneration and disbursements are to be met from funds held in the Administration in priority to the claims of creditors, and, after approval of the basis, the Joint Administrators may draw sums on account
- 6 7 Time costs to date amount to £123,299.20 as detailed in Appendix 3 A breakdown by category of staff and work done is provided in Appendix 4
- 6 8 Grant Thornton UK LLP have been paid £88,600 plus VAT and disbursements in respect of the Company, following approval by the secured creditor
- 6 9 Should you have any queries, please do not hesitate to contact my colleague Tom Walls on 020 7865 2811

Yours faithfully
for and on behalf of the Ryes School Limited



David Dunckley
Joint Administrator

The affairs, business and property of the Ryes School Limited are being managed by David John Dunckley and James Henry Stewart-Koster, appointed as Joint Administrators on 28 April 2011

Appendix 1 – Statutory details of the Company

Registered Number	02107585
Date of Incorporation	09/03/1987
Registered Office	30 Finsbury Square London EC2A 2YU
Number of Shares	50,000 (£1 shares)
Shareholder	RSO Limited

THE RYES SCHOOL LIMITED - IN LIQUIDATION FORMERLY IN ADMINISTRATION

JOINT ADMINISTRATORS' ABSTRACT OF RECEIPTS AND PAYMENTS

FOR THE PERIOD FROM 28 APRIL 2011 TO 28 MARCH 2012

	Estimated to Realise	Realised from 28 October 2011 to 28 March 2012	Total realised to 28 March 2012
	£	£	£
RECEIPTS			
Freehold Land and Property	2,721,770 00	2,209,987 84	2,931,756 84
Book Debts	72,357 00	-	46,039 89
Furniture & Equipment	33,710 00	-	33,710 00
Petty Cash	1,000 00	-	994 00
Little Henny rent		-	25,000 00
Bank interest		288 46	539 62
Insurance refund		-	1,076 14
Advertising repayment from RSO			74 63
TOTAL RECEIPTS	2,828,837 00	2,209,670 49	3,039,191 12
PAYMENTS			
Advertising		-	149.26
Pre payments to Newco		-	240,446 70
Agents/Valuers fees		766 50	7,848 00
Bank charges		-	120 00
Chargeholder		2,100,000 00	2,475,000 00
Legal fees		10,075 96	51,743.23
VAT irrecoverable		19,035 68	33,317 55
Administrators fees		60,000 00	88,600 00
Administrators Expenses		147 95	281 55
Property Holding Costs		24,283 75	24,283 75
TOTAL PAYMENTS		2,214,309 84	2,921,790 04
Balance held as at 28 March 2012			117,401 08

The Ryes School Limited - In Liquidation formerly in Administration

SIP 9 WIP ANALYSIS FOR THE PERIOD FROM 28 APRIL 2011 TO 16 March 2012	Partner		Manager		Senior		Admin/Support		Total		Average Hourly Rate
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	
Administration and Planning	25 10	11,567 75	22 30	9,532 50	99 00	27,164 95	110 32	15,836 65	256 72	64,101 85	249 70
Investigations	0 00	0 00	0 00	0 00	4 50	1,350 00	10 95	1,642 50	15 45	2,992 50	193 69
Realisation of Assets	0 00	0 00	0 00	0 00	82 70	24,394 50	23 30	3,099 00	106 00	27,493 50	259 37
Creditors	0 00	0 00	53 70	20,821 25	42 40	12,465 00	8 55	1,281 00	104 65	34,567 25	330 31
Grand Total	25 10	11,567 75	76 00	30,353 75	228 60	65,374 45	153 12	21,859 15	482 82	129,155 10	267 50

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

APPENDIX 4 - an analysis of the Joint Administrators' time costs as required by Statement of Insolvency Practice 9 (SIP9); Joint Administrators' disbursements incurred in the period & Grant Thornton UK LLP charge out rates

Introduction

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

Explanation of Grant Thornton LLP Charging Policies

All partners and staff are charged out at hourly rates applied appropriately to their grade, as shown below. Support staff (secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Grade	Period 24/03/10 – 30/06/11	Period 01/07/11 – 30/06/12
	£	£
Partner	535	560
Partner – Tax	625	650
Director	440	460
Associate director – Tax	500	510
Associate director	405	425
Manager	340	360
Assistant Manager	285	300
Senior Administrator	260	275
Administrator	195	205
Support	135	140

Breakdown of disbursements

Category 2 Disbursements for the period from 28 April 2011 to 28 March 2012	£
Bordereau	80 00
Courier	74 95
Registry Search	13 00
Subsistence	50 70
Travel	911 63
Total	1,130.28

Appendix 5 - An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Administrators

Rule 2 48A

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 "

Appendix 6 - An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Joint Administrators' fees 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