

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 2 6 4 7 8 7 7

Company name in full Irvine Care Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Rebecca Jane

Surname Dacre

3 Administrator's address

Building name/number The Pinnacle

Street 160 Midsummer Boulevard

Post town Milton Keynes

County/Region

Postcode M K 9 1 F F

Country

4 Administrator's name ①

Full forename(s) Simon David

Surname Chandler

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 45 Church Street

Street Birmingham

Post town B3 2RT

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 0	^m 0	^m 6	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 9	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0

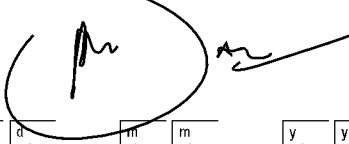
7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X  X

Signature date	^d 0	^d 8	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Jonathan Baker**

Company name **Mazars LLP**

Address **90 Victoria Street**

Bristol

Post town **BS1 6DP**

County/Region

Postcode

Country

DX

Telephone **0117 928 1700**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Scott Christian

Surname

Bevan

3 Insolvency practitioner's address

Building name/number

45 Church Street

Street

Birmingham

Post town

B3 2RT

County/Region

Postcode

Country

Irvine Care Limited In Administration

Joint Administrators' progress report covering the period from 10 June 2020 to
9 December 2020

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Irvine Care Limited - In Administration (the "Company")

Joint Administrators' progress report covering the period 10 June 2020 to 9 December 2020.

To all known creditors

1. Introduction

- 1.1. This report is prepared pursuant to Rule 18.3 and 18.6 of the Insolvency Rules (England and Wales) 2016, the purpose of which is to provide creditors with details of the progress of the Administration covering the second six-month period of the Administration, being from 10 June 2020 to 9 December 2020.
- 1.2. I was appointed Administrator of the Company, jointly with my colleagues, Simon Chandler (a Partner at Mazars LLP) and Scott Bevan (a director at Mazars LLP), on 10 December 2019. I am a Partner at Mazars LLP and I am authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales. Simon Chandler and Scott Bevan are both authorised to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association.
- 1.3. The report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 31 January 2020 and previous progress report issued on 8 July 2020.
- 1.4. The purpose of the Administration is to achieve a better result of the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 1.5. An extension to the Administration by creditor consent was sought and obtained in the period. The Administration was extended to 9 December 2021 with the consent of each secured creditor of the Company and with the consent of the unsecured creditors, which was obtained via a Deemed Consent procedure on 18 November 2020.
- 1.6. Identification details regarding the Company and the Administrators are attached at **Appendix A1**.

2. Joint Administrators' Receipts and Payments

- 2.1. A summary of receipts and payments covering the period from 10 June 2020 to 9 December 2020 is attached at **Appendix B**. The receipts and payments account also covers the cumulative period from the date of appointment to 9 December 2020. A comparison of the estimates provided in the director's Statement of Affairs to actual realisations made to date is provided.
- 2.2. A Trading Receipts & Payments Account is also enclosed at **Appendix B**, to give creditors an indication of the Company's estimated trading turnover and costs. Due to delays in receiving information from the Managers, actual figures for the complete period are yet to be fully received and accounted for but will follow after the period end. In addition, as the receipts and payments account is recorded on a cash basis, and as certain accrued expenses relating to the period are not yet ascertained or finalised, the trading profit (or loss), for the period is yet to be fully determined.

- 2.3. The current balance in hand is shown at **Appendix B** and further details of the realisations and expenses paid is provided below. These funds are held at Lloyds Bank Plc in an interest-bearing account.

3. Asset Realisations and Details of Progress

Connected Party Transactions:

- 3.1. In accordance with Statement of Insolvency Practice 13, I would advise you that there have been no assets sold to a connected party in the period.

Unconnected Party Transactions:

3.2. Background

- 3.2.1. The Company is part of the Four Seasons Healthcare Group ("the Group"), with Elli Investments Limited ("EIL"), a Guernsey registered company under number 55185, and Elli Finance (UK) Plc ("EFUK"), being holding companies in the Group. The Group is a leading care home and specialist care provider in the UK.
- 3.2.2. Eleven companies, including the Company, within the Group ("the Companies") provided healthcare services to residential patients in care homes, and a childcare nursery, from properties which are leased from either Healthcare Property Holdings Limited ("HPH") or Healthcare Holdings Limited ("HHL") ("the Landlords"). A schedule of the 11 Companies, their respective care homes and the trading addresses is provided at **Appendix A2**. HPH and HHL are also sole secured creditors of a number of the Companies. HPH and HHL had the benefit of separate contractual call options under the terms of the leases which, in the event of a default arising and if exercised, gave them the option to acquire certain assets of the Companies which the leases define, but which broadly cover the fixtures and fitting necessary to operate a care home, chattels and other tangible and intangible assets, for £1 ("the Call Options").
- 3.2.3. The objective of the Administration and the Joint Administrators' strategy of allowing the Companies' businesses to continue to operate and trade was pursued for the reasons set out in detail in the Administrators' Proposals.
- 3.2.4. As reported in the Administrators' Proposals, four experienced and independent care operators were engaged by the Joint Administrators to act as the managers of the Companies' Care Homes ("the Managers") and operate and trade the Care Homes on behalf of the Administrators. The Managers are Barchester Healthcare Homes Limited ("Barchester"), Belsize Healthcare (Scotland) Limited ("Belsize"), Harbour Healthcare Limited ("Harbour"), and Roseberry Care Centres GB Limited ("Roseberry"). The appointment of the Managers has allowed for a seamless transition in services and to maintain high standards of care to residents, whilst the Companies are in administration. Management Services Agreements were entered into with the Managers with effect from 10 December 2019.

- 3.2.5. As at our appointment, Dr M Royston was director of the Companies, Medical Director of the Group and, in relation to each of the Companies' care homes, the Nominated Individual (as defined in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014) in the UK and the Relevant Person (in terms of The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011) in Scotland.
- 3.2.6. On 1 May 2020, the Joint Administrators were notified that Dr Royston's employment at the Group ended on 30 April 2020, but that the Group had made arrangements that she could continue as Nominated Individual and Relevant Person through to 30 June 2020 in this period. The Joint Administrators sought advice from our solicitors in this regard and Dr Royston was replaced from 1 July 2020 with a representative from the Managers, or by the Joint Administrators, as appropriate.

3.3. Trading

- 3.3.1. HPH and HHL entered into a funding deed immediately upon the Joint Administrators' appointment. This deed gives, on a company by company basis, the Companies, via the Joint Administrators, access to loan funding from HPH and Healthcare Property Investments Limited ("HPI") to meet administration expenses, particularly given limitations to accessing cash and the estimated significant working capital shortfalls which would need to be met immediately following the Joint Administrators' appointment. The Companies are only required to repay the loan funding once all other administration expenses incurred by the Administrators have been discharged. HPH and HPI also indemnified, to certain limits, the Joint Administrators' costs and expenses (in acting as their capacity as such) on a company by company basis. Finally, the costs and expenses incurred by our solicitors Shakespeare Martineau LLP ("our solicitors"), up to an aggregate limit, across the Companies has also been indemnified.
- 3.3.2. The amount of the loan funding currently received from HPH and HPI is detailed in the Receipts and Payments Account, attached at **Appendix B**.
- 3.3.3. Whilst trading, the Joint Administrators were in regular contact with the Managers and reviewed the information provided, pursuant to the Management Services Agreements, to assess and ensure the quality of care, health and safety and financial performance at the various care homes and nursery.
- 3.3.4. In response to Covid-19, monitoring of the specific position in this regard was carried out. Advice and policies to be followed continued to be reviewed and updated, following Government guidance and the Coronavirus Act 2020 being implemented. This was to ensure that, as time has progressed, and knowledge has increased, best practice was being adhered to. The Managers, on behalf of the Joint Administrators, have complied with the statutory duty to report to the Regulators on the impact of Covid-19 on the care homes.
- 3.3.5. Upon completion of the multiple sales of businesses and certain assets to the Managers, as summarised further below, trading by the Joint Administrators concluded. Steps were taken to close suppliers' accounts and withdraw any undertakings the Joint Administrators provided to suppliers.
- 3.3.6. Trading period reconciliations remain ongoing and the Joint Administrators are in regular contact with the Managers in order to seek and review the information provided, pursuant to the Management Services Agreements. Given the time estimated to progress and complete this work, it was estimated it would exceed the automatic end of the Administration on 9

December 2020. Accordingly, it was necessary to seek and obtain an extension of the Administration from creditors until 9 December 2021.

3.4. Call Options and Sale of Businesses and Certain Assets

- 3.4.1. You will recall that at the outset of the administration, HPH and HHL indicated that they would wish to exercise the Call Options included within their lease agreements. The contractual Call Options gave them the option to acquire certain assets of the Companies which the leases define, but which broadly cover the fixtures and fitting necessary to operate a care home, chattels and other tangible assets and goodwill, for £1. Advice received from Counsel confirmed that the Call Options were effective, and the Joint Administrators would be obliged to comply in order to effect an orderly transfer of the business and assets.
- 3.4.2. HPH and HHL subsequently indicated that the current Managers, as appointed by the Joint Administrators to manage the homes during the administration, were their preferred tenants and that sale agreements in line with the provisions of the Call Options could be entered into with them directly, otherwise they would, in the alternative, exercise the Call Options themselves.
- 3.4.3. As well as Sale Agreements to be entered into with the Managers, the Companies would enter into Deeds of Release with HPH and HHL, as appropriate, given their security interests in certain assets of certain Companies, and in order that these assets could be transferred. In addition, surrenders of certain Companies' interests in leasehold properties, would need to be entered into, as both the Landlord and Managers wished to enter into new agreements between themselves, rather than having existing leasehold interests assigned.
- 3.4.4. The Managers prepared applications to the Regulators to register themselves as operators of the care homes and liaised with Group to ensure that their applications contained the necessary information to enable prompt re-registration.
- 3.4.5. It was envisaged that the re-registration process could take up to six months, but given the Covid-19 situation, this took longer in certain circumstances. Following confirmation that the re-registration applications by the appropriate Manager had been approved by the Regulators, the sale of business and certain assets could proceed to exchange and completion shortly thereafter.
- 3.4.6. My solicitors prepared the necessary Sale Agreements, as well as the necessary Deeds of Release. My solicitors also reviewed and advised me with regard to the Deeds of Surrender prepared by HPH and HHL.
- 3.4.7. The various sales of businesses and certain assets to the Managers have all now been concluded and are as follows:

Barchester Healthcare Homes Limited ("Barchester")

- 3.4.8. Completion of the multiple Sale Agreements, Deeds of Release and Surrenders with regard to certain leasehold properties, as appropriate, took place on 7 April 2020.
- 3.4.9. Details on a care home by care home basis is detailed at **Appendix A2**.

Roseberry Care Centres GB Limited ("Roseberry")

- 3.4.10. Completion of the multiple Sale Agreements, Deeds of Release and Surrenders with regard to certain leasehold properties, as appropriate, took place on 18 May 2020.

3.4.11. Details on a care home by care home basis is detailed at **Appendix A2**.

Belsize Healthcare (Scotland) Limited ("Belsize")

3.4.12. Completion of the multiple Sale Agreements, Deeds of Release and Surrenders with regard to certain leasehold properties, as appropriate, took place on 27 August 2020.

3.4.13. Details on a care home by care home basis is detailed at **Appendix A2**.

Harbour Healthcare Limited ("Harbour")

3.4.14. Completion of the multiple Sale Agreements, Deeds of Release and Surrenders with regard to certain leasehold properties, as appropriate, took place on 1 June 2020. The final one took place on 7 September 2020.

3.4.15. Details on a care home by care home basis is detailed at **Appendix A2**.

3.5. Closed Homes (Pre-Administration)

3.5.1. A number of closed homes had been vacant for some time prior to the administrations and are detailed at **Appendix A2**.

3.5.2. You will recall that PHD Property Advisory Limited ("PHD"), Chartered Surveyors, advised that it is unlikely that any of the leases had any premium value.

3.5.3. Orbis Protect Limited ("Orbis"), a specialist provider of vacant property services to continue to provide alarm, CCTV, guarding and inspection services, as appropriate, that it provided to the Companies with regard to their closed homes.

3.5.4. Further to site inspections and Health and Safety and fire risk assessments undertaken by JLT Speciality Limited (trading as JLT and Marsh) ("our Insurers") and having shared the findings with the Landlords, Orbis have been instructed to arrange, oversee and implement remedial action agreed upon. Periodically we have had to deal with ad-hoc issues at the closed homes, such as trespassers. When these situations have arisen, this has meant liaising with the Police, Orbis and the Landlords, as appropriate.

3.5.5. Where leases of certain closed homes have been able to be surrendered to date, details are provided at **Appendix A2**.

3.5.6. Regrettably, the potential sale of 8 closed homes, which was anticipated to complete in September and then October 2020 subsequently fell through as the potential purchaser pulled out.

3.5.7. Given the above and the level of holding costs, the Joint Administrators have sought further information from Orbis and are to liaise further with the Landlords with regard to the future strategy and whether it is now possible to seek to surrender the leases of the closed homes.

3.6. Other Assets

3.6.1. The following other asset realisation work has been undertaken:

Debtors / Operator control account

3.6.2. Reconciliation work is still ongoing by the Managers, identifying pre-administration debtor receipts from post-administration trading income. As this work is ongoing, an assessment on the likely recoverability of debtors on the ledger cannot be made, particularly as errors in the

ledger have also been identified. Given that the care homes continued trading it is anticipated that the residual ledger should be largely recoverable, once errors in the ledger have been excluded.

- 3.6.3. At present, until this allocation work has been fully completed, surplus cash receipts are simply allocated to an operator control account, as detailed at **Appendix B**.

Rates refund

- 3.6.4. You will recall we instructed PHD to assist us with regard to investigating the Companies' business rates positions and determine whether there have been overpayments resulting in refunds being due. In addition, PHD considered whether rates have been correctly calculated, reliefs applied and appealing rateable values, if appropriate.
- 3.6.5. Some refunds have been received by the Companies, but PHD's work is ongoing in this regard. Accordingly, it is not possible to provide an estimate of whether further realisations will be possible at this stage.

4. Assets still to be realised

- 4.1. As detailed above in Section 3, primarily, asset realisation work remains ongoing with regard to potential assets of the Companies, as follows:
- a. Debtors
 - b. Rates refunds

5. Estimated Outcome Statement

- 5.1. We are still to finalise the trading profit (or loss) of trading the Company's businesses in administration. In addition, asset realisation work remains ongoing. Accordingly, pending further information from the Managers, we are not able to accurately estimate final realisations.
- 5.2. Despite the above, it is clear that insufficient funds will be realised in the Administration to allow a dividend to be paid to the Company's secured creditors (under floating charges), or unsecured creditors. Indeed, realisations will be insufficient to settle the prior costs of the Administration in full and repay the loan funding received from HPH and HPI.

6. Liabilities

6.1. Secured Creditors

- 6.1.1. According to the director's Statement of Affairs, the Company had no secured creditors with debts totalling £nil.
- 6.1.2. It is understood that the benefit of certain security documents granted by the Companies, held in favour of Care Home Properties Limited, Carlton Healthcare Properties Limited and IHP Limited, have been effectively assigned to HPH, notwithstanding that the respective Companies House entries indicate that security is held by those entities. We understand that

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this was following a hive-up arrangement in 2007 pursuant to which assets, including the benefit of the security obtained, were transferred to HPH.

6.1.3. It is understood from HPL and HHL that copies of the security instruments which are in existence had been lost by in the majority of cases given the age of the leases and as there was historically no requirement to file full-form copies of security instruments at Companies House. Accordingly, I made enquiries of the Group for copies and sought the advice of my solicitors.

6.1.4. Details of security granted by the Company, per Companies House, are as follows:

- Debenture dated 17 July 2014 in favour of Healthcare Property Holdings Limited, conveying fixed and floating charges over the undertaking and all property and assets present and future including over the leasehold properties Chiltern Court, Coombe Lodge, Highground Care Centre, Ty Eiren Care Home and Ty Gwynno Care Home.
- Charge dated 11 August 2014 in favour of Healthcare Property Holdings Limited, over the Maryfield East care home property.
- Charge dated 11 August 2014 in favour of Healthcare Property Holdings Limited, over the Maryfield West care home property.
- Charge dated 11 August 2014 in favour of Healthcare Property Holdings Limited, over the Banks O'Dee care home property.

6.1.5. Our solicitors were instructed to advise us in respect of the validity of the security and whether the security is enforceable, with regard to all of the Companies. Where fixed charge security has been deemed to be valid and sales have taken place with the agreement of the secured creditor pursuant to sale agreements, the small proportion of the £1 sale consideration received attributed to fixed charge assets, is shown as a fixed charge realisation in the receipts and payments account at **Appendix B**. Nominal returns to the fixed charge holder under its fixed charge will be made to it in this regard.

6.1.6. Regrettably, insufficient funds will be realised in the Administration to allow a dividend to be paid to the Company's secured creditors under floating charges. Indeed, realisations will be insufficient to settle the prior costs of the Administration in full and repay the loan funding received from HPH and HPI.

6.2. Preferential Creditors

6.2.1. Preferential creditors' claims relate to the Company's employees' unpaid wages, holiday pay and pension contributions, subject to certain limits.

6.2.2. The director's Statement of Affairs detailed that preferential claims would amount to £106,811, but preferential creditors' claims are currently anticipated to amount to £nil.

6.2.3. There are no pre-administration wage arrears or outstanding pension contributions owed. Employees' December 2019 wage arrears were paid as part of the December 2019 payroll. Employees' holiday entitlements accrued have been honoured and are able to be taken by employees, as the Company's businesses continue to operate and trade.

6.3. Unsecured Creditors

- 6.3.1. According to the director's Statement of Affairs, the Company had unsecured creditors with debts totalling £11,969,091.
- 6.3.2. Regrettably, insufficient funds will be realised in the Administration to allow a dividend to be paid to the Company's prior ranking secured creditors (under floating charges). Indeed, realisations will be insufficient to settle the prior costs of the Administration and repay the loan funding received from HPH and HPI. Accordingly, there is no prospect of any dividend to the Company's unsecured creditors.

7. Prescribed Part

- 7.1. In accordance with Section 176A of the Insolvency Act 1986, a proportion of a Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 7.2. As the Company granted floating charges after 15 September 2003, a prescribed part fund may have applied in this matter, depending on assets realisations.
- 7.3. Regrettably, insufficient funds will be realised in the Administration to settle the prior costs of the Administration and repay the loan funding received from HPH and HPI. Accordingly, there will be no net property arising and no prescribed part distribution.

8. Investigations

- 8.1. As advised in the Administrators' proposals, under the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration. The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 9 March 2020.
- 8.2. In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration and to consider any further investigations which may be required. Following this initial review, no further assets or actions were identified which would lead to a recovery for creditors.
- 8.3. Certain company records were subsequently delivered up to the Joint Administrator by the Group in the period and investigations were finalised following receipt.
- 8.4. Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not

imply that there may be any cause of action lying against any person concerned in the Company's affairs.

9. Joint Administrators' Remuneration

- 9.1. A decision was passed by the creditors by correspondence on 18 February 2020, enabling the Joint Administrators to draw remuneration by reference to the time properly spent by the Joint Administrators and their staff in dealing with the matters arising during the administration, subject to the Fees Estimate of £131,500 plus VAT, issued to creditors on 31 January 2020.
- 9.2. Attached at **Appendix E1** is a comparison of the Joint Administrators' Fees Estimate to actual time costs for the six-month period 10 June 2020 to 9 December 2020, which total £39,447, representing 156.9 hours at an average hourly rate of £251. The Joint Administrators' cumulative time costs since appointment to 9 December 2020 total £102,242, representing 412.9 hours at an average hourly rate of £248.
- 9.3. Attached at **Appendix E2** is a narrative summary of the Joint Administrators' time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and whether the work has provided a financial benefit to creditors.
- 9.4. As at 9 December 2020, an amount of £44,000 has been drawn against the Joint Administrators' time costs in respect of the Administration.
- 9.5. Based on the current level of time costs and expected future work for the completion of the Administration, the Joint Administrators' total time costs are expected to be within the approved Fees Estimate.
- 9.6. Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6-minute units with supporting narrative to explain the work undertaken.
- 9.7. The charge out rates of the team members employed on the assignment during the period covered by this report and details of changes from previous periods are provided below. Specialist departments within our Firm (such as, Tax and VAT) have charged time to this case when their expert advice is required. The rate ranges provided incorporate these different rates.

Range (£)	Partner	Director	Assistant Manager / Manager / Associate Director	Executive	Cashier	Support Staff
Current charge out rate per hour, effective from 1 September 2020	455 - 605	405 - 495	250 - 440	110 -255	110 - 255	110
Previous charge out rate per hour, effective from 1 September 2019	440 - 550	390 - 440	245 - 335	120 -205	120 - 205	90

10. Joint Administrators' Disbursements

- 10.1. Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments to independent third parties) and Category 2 (costs incurred by the Joint Administrators or the firm that can be allocated to the case on a proper and reasonable basis).
- 10.2. Category 2 disbursements require approval in the same manner as remuneration, and creditors will recall that a resolution was passed by the creditors by correspondence on 18 February 2020 in agreement of the anticipated Category 2 disbursements of the Joint Administrators.
- 10.3. Further details of the rates agreed are provided within the Rates and Disbursements policy which was provided in the Joint Administrators' proposals on 31 January 2020 and which is available upon request.
- 10.4. Details of disbursements incurred in the period and whether they constitute Category 1 or Category 2 disbursements, is provided below. Details of disbursements paid during the period is provided within the attached receipts and payments account. The amount of disbursements paid during the period may be more than the amount incurred due to balances carried over from previous periods.

Type of Disbursement	Description	Amount incurred in period (£)
<u>Category 1</u>		
-	-	-
Total Category 1		-
<u>Category 2</u>		
-	-	-
Total Category 2		-
Total		-

11. Expenses

- 11.1. Details of all expenses incurred during the period of the report and likely future expenses are provided in the Expenses Statement attached at **Appendix D**. This also includes a comparison to the original Expense Estimate.
- 11.2. Further details of expenses paid during the period of the report are shown in the receipts and payments account at **Appendix B**.
- 11.3. I have reviewed the expenses incurred to date and I am satisfied that they are reasonable in the circumstances of the case.

12. Creditors' Rights

12.1. Further information

- 12.1.1. I would advise you that, pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the Administrators for further information about the remuneration and expenses set out in this progress report.

12.2. Apply to Court

- 12.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the Court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds:

- a. That the remuneration charged by the Joint Administrators, or
- b. That the basis fixed for the Joint Administrators' remuneration, or
- c. That the expenses incurred by the Joint Administrators,

is in all of the circumstances, excessive or inappropriate.

12.3. Further guidance

- 12.3.1. Creditors can find additional information on their rights relating to Administrators' fees in a copy of the publication "A creditors guide to Administrators' Fees", which is available to download from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/> or alternatively will be provided free of charge upon written request to this office.

13. Data protection

- 13.1. Where the Administrators hold or require personal data from you we will only do so in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

14. Extension of Administration

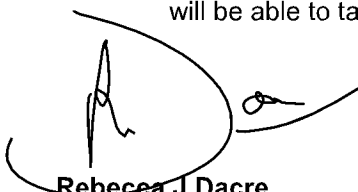
- 14.1. As detailed above, trading period reconciliations remain ongoing and the Joint Administrators are in regular contact with the Managers in order to seek and review the information provided, pursuant to the Management Services Agreements. Given the time estimated to progress and complete this work was estimated to exceed the automatic end of the Administration on 9 December 2020, it was necessary to seek and obtain an extension of the Administration from creditors until 9 December 2021.
- 14.2. An extension to the Administration by creditor consent was sought and obtained in the period. The Administration was extended to 9 December 2021 with the consent of each secured creditor of the Company and with the consent of the unsecured creditors, which was obtained via a Deemed Consent procedure on 18 November 2020.

15. Discharge of liability

- 15.1. In accordance with Para 98(2) of Schedule B1 of the Insolvency Act 1986, I sought a decision from creditors in respect of my discharge from liability, as it was envisaged that the Administration would be able to be closed in the period.
- 15.2. The consent of creditors, which was obtained via a Deemed Consent procedure on 28 July 2020, means that the Joint Administrators will be discharged from liability 14 days after issuing the final report in this matter.

16. Ending the Administration

- 16.1. As detailed above, asset realisations work is ongoing.
- 16.2. In the event that there are insufficient funds available to pay an unsecured dividend to creditors, the Joint Administrators propose to file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, ending the administration, with the Company being dissolved three months thereafter.
- 16.3. Alternatively, if sufficient funds in the administration are realised to allow a dividend to be paid to unsecured creditors, following the settlement of the prior claims and after payment of the costs of the administration, under the provisions of the Insolvency Act, the Joint Administrators have limited powers to agree the claims of unsecured non-preferential creditors and make distributions without permission of the Court.
- 16.4. Accordingly, in such a scenario, the exit route will be by placing the Company into Creditors' Voluntary Liquidation in order to allow a Liquidator to be appointed to agree the claims of the unsecured creditors and to make the dividend payment to them.
- 16.5. If the Company is placed into Creditors' Voluntary Liquidation then Rebecca Jane Dacre, Simon David Chandler and Scott Christian Bevan (or if appropriate, their successors) will be appointed as Joint Liquidators as set out in the Joint Administrators' Proposals and as approved by the Company's creditors by a decision by correspondence, dated 18 February 2020.
- 16.6. It is currently envisaged that realisations will be insufficient to settle the prior costs of the Administration and repay the loan funding received from HPH and HPI. Accordingly, the Joint Administrators will, in due course, file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, ending the administration, and the Company will be dissolved three months thereafter. No further extension of the administration is likely to be required, so this will be able to take place prior to 9 December 2021.



Rebecca J Dacre
Joint Administrator

Dated 8 January 2021

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

The affairs, business and property of the Company are being managed by the Joint Administrators.

The Joint Administrators act as agents of the Company and without personal liability

Irvine Care Limited - In Administration

Identification Details

Details relating to the Company

Company name	Irvine Care Limited
Previous names	Burley Healthcare Management Services Company Limited Dartrey Limited
Trading name	See Care Home names at Appendix A2
Company number	02647877
Registered office	c/o Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Previous registered office	Norcliffe House, Station Road, Wilmslow, SK9 1BU
Trading address	See Care Home trading addresses at Appendix A2
Court	The High Court of Justice
Court reference	CR-2019-008114 of 2019

Details relating to the Joint Administrators

Date of appointment	10 December 2019
Joint Administrators	Rebecca Jane Dacre, Simon David Chandler and Scott Christian Bevan of Mazars LLP (addresses as below). IP No(s) 009572, 008822 and 9614
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' addresses	R J Dacre - Mazars LLP, The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF S D Chandler and S C Bevan - Mazars LLP, 45 Church Street, Birmingham, B3 2RT
Appointed by	The Court
Joint Administrators' contact telephone number	0117 928 1700

Irvine Care Limited - In Administration

Companies in Administration, Care Homes, Trading Addresses, New Managers and Dates of Disposals

Company	Registered Number	Care Home Name	Care Home Trading Address	New Manager engaged by the Joint Administrators *	Date Care Home closed by Joint Administrators (if applicable)	Date business and certain assets sold and leasehold property surrendered by Joint Administrators
Acegold Limited	03484784	Begbrook House	Stern Court Rd, Bristol, BS16 1LB	Barchester	-	7 April 2020
		Carlton Mansions	8 Apsley Rd, Bristol, BS8 2SP	Barchester	-	7 April 2020
		Cossins House	Downside Rd, Cobham, Surrey, KT11 3LZ	Barchester	-	7 April 2020
		Hallhouse	21 Main Rd, Fenwick, Kilmarnock, KA3 6AH	Belsize	-	27 August 2020
		Hamilton House	West Street, Buckingham, Buckinghamshire, MK18 1HL	Roseberry	-	18 May 2020
		Maryfield West	31 Queens Rd, Aberdeen, AB15 4ZN	Belsize	-	27 August 2020
		Oakfield	Weston Park, Weston Village, Bath, BA1 4AS	Barchester	-	7 April 2020
		Wimborne	179-181 Wimbourne Rd, West, Stapehill, Dorset, BH21 2DJ	Barchester	-	7 April 2020
		Maryfield East [CLOSED]	9 Fonthill Rd, Aberdeen AB11 6UN	n/a	n/a	-
Cotswold Spa Retirement Hotels Limited	03047890	Dolphin View	Harbour Rd, Amble, Northumberland, NE65 0AP	Roseberry	-	18 May 2020

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		Rosemount	Earsdon Rd, West Monkseaton, North Tyneside, NE25 9YF	Roseberry	-	18 May 2020
		Willow Court	Osborne Gardens, North Shields, Tyne & Wear, NE29 9AT	Roseberry	-	18 May 2020
		Willow Lodge	Osborne Gardens, North Shields, Tyne & Wear, NE29 9AT	Roseberry	-	18 May 2020
		Albany House [CLOSED]	Albany Way, Washington NE37 1BJ	n/a	n/a	-
		Beacon Farm [CLOSED]	Beacon Lane, Cramlington NE23 8AZ	n/a	n/a	-
Dounemead Limited	03138896	Dounemount	Gellymill Street, Macduff, Aberdeen, AB45 3QL	Belsize	-	27 August 2020
		The Meadows	Burnside Rd, Huntly, AB54 8UH,	Belsize	-	27 August 2020
Grandcross Limited	03488922	Chichester Court	Chichester Rd, South Shields, Tyne & Wear, NE33 4HE	Roseberry	-	18 May 2020
		Gotton Manor	West Monkton, Taunton, Somerset, TA2 8LL	Harbour Healthcare	-	7 September 2020
		Kingswood Court	220 Soundwell Rd, Kingswood, Bristol, BS15 1PN	Barchester	-	7 April 2020
		Yatton Hall	High Street, Yatton, BS49 4DW	Barchester	-	7 April 2020
		Highfield House [CLOSED]	28 Clifton Road, Ashbourne, Derbyshire	n/a	n/a	-
Irvine Care Limited	02647877	Ty Eirin	Tonyrefail, Rhondda, Cynon Taf, CF39 8EE	Harbour Healthcare	-	1 June 2020
		Ty Gwynno	Hafod Lane, Pontypridd, Mid-Glamorgan, CF37 2SD	Harbour Healthcare	-	1 June 2020

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		Banks O' Dee [CLOSED]	Abbotswell Rd, Aberdeen AB12 3AB	n/a	n/a	-
		Chiltern Court [CLOSED]	Aylesbury Rd, Wendover, Weston Turville, Aylesbury, HP22 6BD	n/a	n/a	-
		Coombe Lodge [CLOSED]	Nash Lee End, Aylesbury, HP22 6BH	n/a	n/a	-
		Highground [CLOSED]	7 Waterford Road, Oxton, Birkenhead, Wirral, Merseyside, CH43 6US	n/a	n/a	-
Meadowvale Care Limited	03408575	Meadowvale	Glasgow Rd, Bathgate, EH48 2BF	Belsize	-	27 August 2020
Ringdane Limited	03277059	Beaufort	56 Kenilworth Rd, Coventry, CV4 7AH	Roseberry	-	18 May 2020
		Cameron House	2 Cameron Street, Bury, Greater Manchester, BL8 2QH	Roseberry	-	18 May 2020
		Earlsferry House	Williamsburgh, Elie, Fife, KY9 1BA	Belsize	-	27 August 2020
		Gosmore	Hitchin Rd, Hitchin, Hertfordshire, SG4 7QH	Barchester	13 March 2020	7 April 2020
		Havencourt	Woodcot Gardens, Stonehaven, AB39 2ZH	Belsize	-	27 August 2020
		South Bebside	Patterdale Rd, Blyth, NE24 5JU	Roseberry	-	18 May 2020
		South Park	Gale Lane, Acomb, York, YO24 3HX	Roseberry	-	18 May 2020
		South Quay	1 & 2 Cowpen Rd, Blyth, Northumberland, NE24 5TT	Roseberry	-	18 May 2020
		Woodside	Mugiemoss Rd, Woodside, Aberdeen, AB21 9XQ	Belsize	-	27 August 2020
		Beach Court [CLOSED]	64 Constitution Street, Aberdeen	n/a	n/a	-

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		Hollycroft [CLOSED]	16 Heber's Ghyll Dr, Ilkley, LS29 9QH	n/a	n/a	7 April 2020
		Ringshill [CLOSED]	Sallowbush Rd, Huntingdon, PE29 7AE	n/a	n/a	7 April 2020
		Rosemount [CLOSED]	Perth Rd, Blairgowrie and Rattray, Blairgowrie, PH10 6PY	n/a	n/a	-
		Uphill Grange [CLOSED]	Uphill Road South, Weston Super Mare, Somerset, BS23 4TX	n/a	n/a	-
Roseguard Properties Limited	03378572	Craighead	Norwood, Newport-on- Tay, DD6 8DW	Belsize	-	27 August 2020
		Gowrie House	18-20 West Albert Rd, Kirkcaldy, KY1 1DL	Belsize	-	27 August 2020
		Henderson House	2 Link Rd, Dalgety Bay, Dunfermline, KY11 6GW	Belsize	-	27 August 2020
Springfield House (Oaken) 2001 Limited	04167221	Springfield House	Oaken Drive, Codsall, Wolverhampton, WV8 2EE	Roseberry	-	18 May 2020
Tamaris (South East) Limited	02896337	Bearehill	Castle Street, Brechin, DD9 6JU	Belsize	-	27 August 2020
		Lydfords	23 High Street, East Hoathly, Wealden, East Sussex, BN8 6DR	Barchester	-	7 April 2020
		Laurels Lodge	Don Court, Station Road, Woodside Aberdeen, AB24 2UL	Belsize	-	27 August 2020
		Turriff [CLOSED]	Turriff, Aberdeen, Scotland	n/a	n/a	-
Tamhealth Limited	03655610	Buchanan House	Grampian Way, Bearsden, Glasgow, G61 4SP	Belsize	-	27 August 2020
		Buchanan Lodge	Grampian Way, Bearsden, Glasgow, G61 4SP	Belsize	-	27 August 2020

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		Buchanan Nursery	Grampian Way, Bearsden, Glasgow, G61 4SP	Belsize	-	27 August 2020
		Flowerdown	50 Harestock Rd, Winchester, Hampshire, SO22 6NT	Barchester	-	7 April 2020
		Garioch	Commercial Rd, Inverurie, AB51 3TX,	Belsize	-	27 August 2020
		Highfield	34-36 Hoe Lane, Ware, Hertfordshire, SG12 9NZ	Barchester	-	7 April 2020
		Sutton Valence	North Street, Sutton Valence, Maidstone, Kent, ME17 3LW	Barchester	-	7 April 2020

* The Manager is an independent contractor who has contracted to provide the Services to the Joint Administrators for the purpose of allowing the businesses of the Companies to operate whilst the Companies are in administration. Barchester Healthcare Homes Limited ("Barchester"), Belsize Healthcare (Scotland) Limited ("Belsize"), Harbour Healthcare Limited ("Harbour"), Roseberry Care Centres GB Limited ("Roseberry")

[CLOSED] homes listed above were already closed at the date of the Joint Administrators' appointment.

TRADING RECEIPTS AND PAYMENTS ACCOUNT

AND

RECEIPTS AND PAYMENTS ACCOUNT

10 JUNE 2020 - 9 DECEMBER 2020

Irvine Care Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 10/06/2020 To 09/12/2020 £	From 10/12/2019 To 09/12/2020 £
POST APPOINTMENT SALES		
Sales	390,195.45	2,271,315.67
	<u>390,195.45</u>	<u>2,271,315.67</u>
OTHER DIRECT COSTS		
Direct Labour	400,878.74	1,574,257.49
	<u>(400,878.74)</u>	<u>(1,574,257.49)</u>
TRADING EXPENDITURE		
Operating expenditure	53,137.34	313,503.88
Insurance	6,886.66	12,968.36
Home Operator/Manager Fees	26,400.00	150,734.76
Bank Charges	(100.00)	NIL
FSHC Support	NIL	1,545.45
Pension advisor fee- scheme re-enrolment	NIL	120.00
FSHC payroll processing	NIL	5,439.00
Health & safety reviews	450.00	1,125.00
VAT Irrecoverable (Trading)	9,216.64	65,465.52
Capital expenditure	(7,504.16)	5,594.17
	<u>(88,486.48)</u>	<u>(556,496.14)</u>
TRADING SURPLUS/(DEFICIT)	<u>(99,169.77)</u>	<u>140,562.04</u>

Irvine Care Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 10/06/2020 To 09/12/2020 £	From 10/12/2019 To 09/12/2020 £
SECURED ASSETS		
Sale proceeds (fixed charge)	NIL	0.88
	NIL	0.88
ASSET REALISATIONS		
Bank interest (gross)	0.20	93.36
171,582.00 Book Debts	248,669.91	248,669.91
21,167.00 Carpets & Curtains	NIL	NIL
67,529.00 Cash at Bank	NIL	49,725.30
166,785.00 Fixtures & Fittings	NIL	NIL
3,102.00 Office & Computer equipment	NIL	NIL
30,868.00 Plant & Machinery	NIL	NIL
Resident/personal fund account	NIL	17,803.98
Sale proceeds	NIL	1.12
Trading Surplus/(Deficit)	(99,169.77)	140,562.04
	149,500.34	456,855.71
COST OF REALISATIONS		
Agents' fees (PHD - Lease review)	NIL	800.00
Counsel fees	NIL	1,091.00
Joint Administrators' disbursements	NIL	786.04
Joint Administrators' fees	NIL	44,000.00
Legal disbursements	NIL	12.00
Legal fees (Shakespeare Martineau)	7,598.00	22,365.50
Other property expenses	4,416.46	9,417.60
Pension advisor's fees	NIL	750.00
Resident/personal fund account	NIL	17,803.98
Statutory advertising	NIL	87.48
Vacant property security	121,321.96	180,107.19
VAT Irrecoverable	26,102.37	50,775.89
	(159,438.79)	(327,996.68)
461,033.00	(9,938.45)	128,859.91
REPRESENTED BY		
Current account (interest bearing)		62,423.93
Loan pursuant to Admin Funding Deed		(215,000.00)
Trade Debtors		9,860.00
Working capital held by the Manager		271,575.98
		128,859.91

Note:

- Sale proceeds (fixed charge) relates to the apportionment of the sale proceeds to Goodwill, Intellectual Property and The Lease.
- Sale proceeds relates to the apportionment of the sale proceeds to, The Business Contracts and the Seller's Records, The Equipment, The Fixtures and Fittings and The Stock.
- VAT Irrecoverable - following a review by VAT specialists it was determined that input VAT is not recoverable in this matter, so is shown separately as an expense.
- Due to the notional value of the fixed charge monies in this matter, it was not determined to be cost effective to segregate the funds into a separate fixed charge bank account.
- Working capital held by the Managers represents the balancing figure from trading, this sum is currently not fully reconciled, and is made up cash held by the managers, various accruals in relation to the trading accounts, and pre-appointment debtors collected but not yet allocated.

ESTIMATED OUTCOME STATEMENT

We are still to finalise the trading profit (or loss) of trading the Company's businesses in administration. In addition, asset realisation work remains ongoing (in particular in respect of pre-Administration debtors). Accordingly, at the current time we are not able to accurately estimate final realisations.

Despite the above, it is clear that insufficient funds will be realised in the Administration to allow a dividend to be paid to the Company's secured creditors (under floating charges), or unsecured creditors. Indeed, realisations will be insufficient to settle the prior costs of the Administration in full and repay the loan funding received from HPH and HPI.

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Professional advisors' costs The officeholder's choice of the professional advisors listed below was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.						
Legal fees and disbursements	<p>Shakespeare Martineau LLP ("our Solicitors") have been instructed to provide legal advice to the Joint Administrators in relation to various matters arising during the administration. This firm of solicitors was chosen based on their experience in insolvency matters.</p> <p>In particular, our Solicitors are advising us on the effect, application and extent of the Call Options and the disposal of Company's interest in operating Care Homes.</p> <p>In addition, our Solicitors are providing general legal advice with regard to matters arising during the administration.</p> <p>Their fees have been agreed on a time cost basis.</p>	20,000	21,056	4,527	Uncertain	Uncertain
Legal fees and disbursements	Lester Aldridge LLP ("LA") have been instructed in order to provide guidance as to the steps that should be taken in response to what was at the time a likely Covid-19 outbreak in the UK. This firm of solicitors was chosen as they are specialist solicitors in the healthcare sector.	-	-	-	-	-

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	<p>Their fees have been agreed on a time cost basis.</p> <p>The fee of £119 was paid by my firm as a disbursement, so is included in disbursements below.</p>					
Counsel's fees and disbursements	<p>James Morgan QC of St Philips Chambers ("Counsel") has been instructed to provide a legal opinion to the Joint Administrators in relation to the effect, application and extent of the Call Options.</p> <p>Counsel was chosen based on his experience in insolvency matters.</p> <p>His fees have been agreed on a time cost basis.</p>	1,550	1,091	-	-	1,091
Agent's fees re pension investigation / review	<p>Clumber Consultancy Limited ("Clumber"), specialist pension consultancy providers to companies in formal insolvency procedures, are engaged to assist us with regard to the Companies' pension schemes and ensure compliance in this regard.</p>	900	750	-	Uncertain	Uncertain
	<p>They were chosen because of their pension experience in an insolvency scenario.</p>					
	<p>Their fee basis has been agreed on a fixed fee basis.</p> <p>Clumber have also been instructed to oversee that any pension re-enrolments are undertaken compliantly,</p>	300	120	-	Uncertain	Uncertain

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	where appropriate. This this work has been agreed to be undertaken on a time cost basis.					
Agent's fees re rates refund review and lease valuation re closed homes	<p>PHD Property Advisory Limited ("PHD"), Chartered Surveyors and specialist business rates recovery consultants, have been engaged to assist us with regard to investigating the Companies' business rates positions and determining whether there have been overpayments resulting in refunds being due. In addition, PHD will consider whether rates have been correctly calculated, reliefs applied and appealing rateable values, if appropriate.</p> <p>PHD will also determine whether there is any premium value within the leases of the closed homes.</p> <p>They were chosen because of their experience in this work and also in an insolvency scenario.</p> <p>Their fee basis has been agreed on a percentage of recoveries basis, at 17.5% of any recoveries regarding rates refund work and a fixed fee of £200 plus VAT per lease for valuation work.</p>	Uncertain	800	-	Uncertain	Uncertain
Agent's fees re vacant property services	Orbis Protect Limited ("Orbis"), specialist provider of vacant property services, have been engaged to provide relevant services,	73,909	58,785	121,322	Uncertain	Uncertain

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	<p>with regard to closed homes.</p> <p>They were chosen because of their experience and as they were previously engaged by the Company to provide such services, which aided continuity.</p> <p>Their fee basis has been agreed on fixed fee basis per month for site inspections and on an agreed fee basis for ad-hoc work (i.e. repairs, etc).</p>					
FSHC payroll processing fees	<p>Four Seasons Healthcare Group ("FSHC" or "the Group") has been engaged to assist with providing payroll services to the Companies' businesses.</p> <p>The Group was chosen because of their experience, as they were previously engaged by the Company to provide such services, which aided continuity, and after taking into account the cost and complexities of implementing alternative solutions in the short term</p> <p>Their fee basis has been agreed on fixed fee basis.</p>	10,668	5,439	-	-	5,439
FSHC Support re Nominated Individual and Relevant Person	<p>On 1 May 2020, the Joint Administrators were notified that Dr Royston's employment at the Group ended on 30 April 2020, but that the Group had made arrangements that she could continue as Nominated Individual and</p>	-	1,545	-	Uncertain	Uncertain

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	Relevant Person through to 30 June 2020. A fixed fee was agreed with FSHC in this regard, while steps to replace Dr Royston with a representative from the Managers, or by the Joint Administrators, were taken					
Health and Safety review	Our specialist insurance brokers JLT Specialty Limited were engaged to undertake Health and Safety reviews, provide recommendations and competent person support services, as appropriate. Their fee basis has been agreed on an agreed fee basis.	-	675	450	-	1,125
Agent's fees re management and operation of care homes	The Managers have been engaged to provide Services to the Joint Administrators and act as the managers of the Companies' Care Homes, pursuant to Management Services Agreements. They were chosen based on their experience in the sector. Their fee basis has been agreed on fixed fee basis, based on the aggregate number of registered beds at the care homes. The original expenses estimate is on the basis of services for six months.	188,400	124,335	26,400	-	150,735
Other expenses						

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Loan pursuant to Funding Deed	<p>Loan funding from Healthcare Property Holdings Limited ("HPH") and Healthcare Property Investments Limited ("HPI") was secured to meet administration expenses, particularly given limitations to accessing cash and the estimated significant working capital shortfalls which would need to be met.</p> <p>The Companies are only required to repay the loan funding once all other administration expenses incurred by the Joint Administrators have been discharged. HPH and HPI also indemnified, to certain limits, the Joint Administrators' costs and expenses (in acting as their capacity as such) on a company by company basis. Finally, the costs and expenses incurred by our solicitors Shakespeare Martineau LLP ("our solicitors"), up to an aggregate limit, across the Companies has also been indemnified.</p>	-	-	215,000	Uncertain	Uncertain
Direct labour	Employees' salaries, PAYE and NIC from Care Home trading activity.	-	1,173,379	400,879	-	1,574,258
Operating expenditure	Operating expenditure incurred by the Managers relating to Care Home trading activity.	-	260,367	53,137	-	313,504
Rent	Potential rent due to the landlord of the leasehold properties in relation to the trading period.	-	-	-	-	Unknown

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Capital expenditure and repairs	Capital expenditure and repairs incurred by the Managers relating to Care Home trading activity. This cost was overstated in the prior period and has been adjusted down in this period.	-	13,098	(7,504)	-	5,594
Sundry trading expenses	Sundry trading expenses incurred regarding Care Home trading activity.	-	-	-	Uncertain	Uncertain
Other property expenses	Utility charges regarding closed care homes	-	5,001	4,416	Uncertain	Uncertain
Corporation tax	It is likely that corporation tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account. It is currently uncertain whether any corporation tax or capital gains tax will be payable in respect of the disposal of assets, pending preparation of the return for the period.	Uncertain	Uncertain	Uncertain	Uncertain	Uncertain
Statutory Advertising	Costs are to be paid to Courts Advertising for statutory advertising requirements including London Gazette advertisements for notice of the appointment.	87	87	-	-	87
Specific bond	It is a legal requirement that we take out a specific bond in respect of the value of the assets. On the basis the assets likely to be recovered was estimated to total £0.5m immediately	608	-	-	-	-

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	upon our appointment, the bond will be as stated. The fee of £608 was paid by my firm as a disbursement, so is included in disbursements below.					
Insurance of assets	We are required to insure the Company's assets until they are disposed of. Cover has also been received via our insurance brokers JLT Specialty Limited for business interruption, employer's liability and public liability cover.	17,129	6,082	6,887	-	12,968
Bank charges	While we currently have free banking services, the Company's Pre-Administration bankers Barclays were anticipated to levy charges per account for ongoing operation, however, they did not in this instance.	1,800	100	(100)	-	-
Joint Administrators' remuneration	Management of the Company's affairs in order to achieve the objective of the administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements. Please see the report and further information is provided in the Appendices referred to.	131,500	62,795	39,447	29,258	131,500

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	<i>Original Expense Estimate</i> (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	<i>Revised Expenses estimate</i> (£)
Joint Administrators' disbursements	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. A further breakdown of the disbursements incurred in the period is provided within the report.	1,000	905	-	Uncertain	Uncertain
Irrecoverable VAT	As the supplies being made by the Care Homes are VAT exempt, there is no right to recover VAT on any of the costs incurred.	-	80,922	35,319	Uncertain	Uncertain
Total		<i>Uncertain</i>	Uncertain	Uncertain	Uncertain	Uncertain

JOINT ADMINISTRATORS' ANALYSIS OF TIME COSTS AND COMPARISON TO FEES ESTIMATE

The Joint Administrators' total Fees Estimate as approved by creditors on 18 February 2020 was £131,500 plus VAT.

As detailed in the report, total time costs incurred to date are £102,242 plus VAT.

The following table provides details of the Joint Administrators' actual time costs incurred in the current reporting period, 10 June 2020 to 9 December 2020, compared to the estimated costs in accordance with the Fees Estimate. The table also includes the cumulative period from 10 December 2019 to 9 December 2020 which provides details of the Joint Administrators' total time costs since appointment.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors, is provided within the narrative summary of the Joint Administrators' time costs at **Appendix E2**.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the average cost per hour based upon the time spent by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to the Administrators' Proposals. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

JOINT ADMINISTRATORS' ANALYSIS OF TIME COSTS AND COMPARISON TO FEES ESTIMATE

Description of Work	Fees Estimate Approved on 18 February 2020			Actual time costs for the period 10 June 2020 to 9 December 2020			Cumulative time costs for the period 10 December 2019 to 9 December 2020		
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	4.0	1,000	250	5.9	1,186	201	4.0	2,604	239
Taxation	40.0	10,000	250	1.1	342	311	40.0	2,106	237
Investigations	40.0	10,000	250	0.8	180	224	40.0	1,504	264
Realisation of Assets	100.0	25,000	250	53.6	15,402	287	190.0	28,256	294
Trading	216.0	54,000	250	41.3	10,163	246	396.0	41,423	233
Employees	6.0	1,500	250	3.3	900	273	6.0	1,737	271
Creditors	20.0	5,000	250	3.1	738	238	20.0	1,400	241
Reporting	48.0	12,000	250	17.2	4,852	282	48.0	11,475	278
Distributions	-	-	-	-	-	-	-	-	-
Cashiering	32.0	8,000	250	21.5	3,703	172	48.0	7,589	179
Statutory compliance	20.0	5,000	250	9.1	1,981	218	20.0	4,148	233
Totals	526.0	131,500	250	156.9	39,447	251	412.9	102,242	248

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 10 JUNE 2020 TO 9 DECEMBER 2020**

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.

This summary should be read together with the Joint Administrators' Time Costs Analysis at **Appendix E1**. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.

Work carried out in the current period

Administration and planning

The Joint Administrators have undertaken the following work:

- Completing case strategy notes.
- Holding strategy meetings.
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Taxation

The following activities were undertaken in order to ensure the Company is compliant with tax requirements:

- Review of potential Terminal Loss Relief.
- Assessment of tax position re. Potential chargeable gains on the disposal of assets.

The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.

Investigations

Further details of the investigation required to be carried out is provided within the report.

A summary of the work undertaken to date is as follows:

- Seeking to secure the Company's statutory and accounting records.
- Investigating the Company's affairs to include a review of the Company's books and records made available to me and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties.

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in the report.

The main assets comprise those detailed in the report.

Actions required to realise the Company's assets included:

- Liaising with insurers, the Group and Managers re insurance, health & safety, security, etc.
- Disposal of assets under sale agreements in line with the provisions of the Call Options, Counsel having advised that the Call Options are effective and can be exercised. Seeking advice from our solicitors with regard to this process, as appropriate.

NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS FOR THE PERIOD 10 JUNE 2020 TO 9 DECEMBER 2020

- Surrender of certain interests in leasehold properties, as both the Landlord and Managers wished to enter into new agreements between themselves, rather than having existing leasehold interests assigned. Seeking advice from our solicitors with regard to this process, as appropriate.
- Liaising with the Group with regard to the book debt position and seeking information to ascertain outstanding debts, so they can be pursued. Pursuing outstanding debtors after formulating a debt collection strategy, dealing with the physical receipt and banking of debts, decisions on further steps should be undertaken to pursue outstanding debtors.
- Investigating prepayments / potential refunds and seeking repayments therein.
- Liaising with PHD with regard to the value of the Company's leases and the business rates positions and to determine whether there have been overpayments resulting in refunds being due and to consider whether rates have been correctly calculated reliefs applied and appealing rateable values, if appropriate.
- Liaison with HPH and HPI regarding closed homes and strategy, potential sales, remedial works and funding. Liaising with insurers and agents Orbis concerning property issues and remedial works required.

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances.

Trading

The Joint Administrators' strategy of allowing the Company's businesses to continue to operate and trade was pursued for the reasons set out in detail in the Joint Administrators' Proposals.

Work undertaken in respect of this category includes:

- Considering the viability of ongoing trading. Cash flow forecasts and financial analysis, as appropriate.
- Liaison with the Regulators, as appropriate.
- Monitoring of trading, including liaison with the Managers concerning reporting requirements pursuant to the Management Services Agreements. Liaison with the Managers concerning cash flow and funding requirements.
- Liaison with HPH and HPI regarding the funding deed, accessing loan funding and drawing down / repaying, as appropriate.
- Dealing with customers (residents / next of kin) queries and correspondence.
- Liaison with the Group and the Managers regarding Payroll, processing of payments and reporting requirements.
- Liaison with the Managers regarding HR/Employee related issues and staff management.
- Liaison with Clumber to oversee pension re-enrolment work during the trading period.
- Liaison with our insurers and the Managers concerning insurance and Health and Safety reviews, recommendations and / or requirements. Monitor and ongoing liaison with insurers and the Managers.
- Ongoing review and monitoring of Covid-19 policies and procedures via the Managers. Ongoing monitoring and reporting.
- Review of purchase orders / invoices and processing payments, where appropriate, or approving expenditure pursuant to the Management Services Agreements.
- Reviewing debtor invoices from trading period and debt recovery work.
- Trading bank account management including liaison with the Company's bankers, bank account maintenance, including periodic reconciliations, issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.
- Removal of undertakings once services no longer needed

The above work is required to offer a period of stability for the Company's businesses and remove uncertainty. Continuing to trade allows the Joint Administrators a period of time to assess the viability, whilst the Managers

NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS FOR THE PERIOD 10 JUNE 2020 TO 9 DECEMBER 2020

manage the day-to-day operations and work with the Joint Administrators to return each care home to profitability, where possible.

Continuing to trade enhances the prospect of maximising asset realisations and lowers the potential quantum of creditor claims, for the benefit of creditors as a whole. The costs associated are considered appropriate in the circumstances.

The Joint Administrators also have the benefit of the funding deed from HPH and HPI should working capital shortfalls arise during the trading period and the Joint Administrators are only required to repay the loan funding once all other Administration Expenses incurred by the Joint Administrators have been discharged

Employees

Work required in respect of the employees has included:

- Review and responding to queries received from employees.
- Liaison with Clumber with regard to pension scheme/s and complying with statutory reporting obligations with regard to pension schemes.
- Review and responding to queries received from pension scheme.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors.

Creditors

In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:

- Dealing with queries received from creditors, by telephone and in correspondence.
- Logging claims on case management systems.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors.

Reporting

Reporting requirements during the period as prescribed by statute have included the following:

- Liaising with Creditors in respect of discharge from liability and extension of Administration decisions and reporting the outcome of any Creditors' decisions.
- Drafting and issue of the six-monthly progress reports.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

Cashiering

Cashiering work undertaken includes:

- Bank account maintenance, including periodic reconciliations.
- Issuing payments and banking receipts and preparing the appropriate paperwork for such transactions.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory and Compliance

The work undertaken as required by statute and our internal procedures involves:

- Preparation and lodgement (as appropriate) of statutory documents regarding discharge from liability and extension of Administration decisions.
- Case monitoring and statutory compliance, including internal case reviews.
- Case bordereau.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 10 JUNE 2020 TO 9 DECEMBER 2020**

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.