

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Mimosa Healthcare Limited
--

Company Number 03788573

In the High Court of Justice, Chancery Division, Companies Court [full name of court]
--

Court case number (For court use only) 2185 of 2014
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Insert full name(s) and
address(es) of the
administrator(s)

We^(a)

Kerry Bailey of BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Sarah Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU

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

(b) Insert dates

From (b) 24 March 2014

To (b) 23 September 2014

Signed

For the Joint Administrators

Dated

22.10.14

Contact Details

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

Kerry Bailey
BDO LLP
3 Hardman Street
Manchester
M3 3AT

Tel 0161 817 7500
Fax 0161 817 7684

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

FRIDAY



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24/10/2014

COMPANIES HOUSE

#134

TO ALL KNOWN MEMBERS & CREDITORS

22 October 2014

Our Ref KB/HO/CN/C2

Please ask for Connie Ng

Direct line 0161 817 7513

Dear Sirs

Mimosa Healthcare Limited - In Administration ("the Company")

It is now six months since my appointment in respect of the above Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration

This progress report should be read in conjunction with the proposals sent to all creditors on 14 May 2014. The proposals contained the background to the appointment and information regarding the structure of the group.

1. Statutory Information

- 1.1 The Joint Administrators are Kerry Bailey and Sarah M Rayment of BDO LLP and they were appointed on 24 March 2014. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 1.2 The Administrators were appointed by the Directors, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, Companies Court, London and the court case number is 2185 of 2014.
- 1.3. The Company's registered office is situated at 3 Hardman Street, Spinningfields, Manchester M3 3AT and the registered number is 03788573.
- 1.4. I enclose, for your information, a copy of my abstract account covering the six month period from 24 March 2014 to 23 September 2014, and report as follows:

2. Receipts**2.1. Book Debts**

- 2.1.1 As detailed in my previous report, we believe outstanding book debts at the date of appointment to total £28,026. To date £22,741 has been collected and we continue to pursue the remaining balance



2.2 Sundry Refunds

- 2.2.1 The sum of £991 was received in respect of a water rates refund for the care home in this entity, Dean Wood Manor ("the Home").

3. Payments

- 3.1 The payments that have been made are largely self explanatory. I would comment specifically upon:

3.2 Agents' Fees & Disbursements

- 3.2.1 We have paid the sum of £2,628 to E5 Group for work undertaken in respect of valuing the assets of the Home.

4. Trading

- 4.1 As at 23 September 2014, the Company had incurred a trading loss of £15,314. The Bank of Scotland ("BOS") has provided the Joint Administrators with an overdraft facility to fund the trading of the Home until a sale can be completed. As previously advised, any losses will be funded by BOS as the secured creditor, from the fixed charge realisations.

5. Future Asset Realisations

- 5.1. The Home continues to be managed by Healthcare Management Solutions Limited ("HCMS"). HCMS are being paid a monthly fee of £5,500 plus VAT.
- 5.2. We are continuing to liaise with two parties who have expressed their interest to purchase the property and business assets. However, no period of exclusivity has been given at this stage and our agents, Knight Frank continue to market the Home.
- 5.3. We continue to pursue the remaining book debt ledger and to analyse the receipts to ensure that they are correctly allocated.

6. Future of the Administration

- 6.1 The objective set out in Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986 of achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration) continues to be pursued.
- 6.2 The Administration is due to end on 23 March 2015. Once all matters are concluded, it is intended that the Company will move from administration to liquidation and Kerry Bailey and Sarah Rayment will be appointed as Joint Liquidators.
- 6.3 However, if asset realisations are not as currently expected, once all assets have been realised and distributed in the Administration then the Joint Administrators will arrange for the Company to be dissolved.



7. Prospects for Creditors**7.1. Secured Creditors**

- 7.1.1 The Company has one secured creditor, being BOS. BOS created a fixed and floating charge debenture on 3 April 2011.
- 7.1.2 The Company was party to group banking facilities with BOS that were secured over multiple Mimosa Group entities and assets.
- 7.1.3 As at the date of appointment, BOS were owed £5,595,048 made up of a group overdraft facility and a term loan.
- 7.1.4 The term loan is secured against two freehold assets, one being the Home. The second is Thornton-le-Dale, a closed care home owned by Mimosa Recovery Limited. BOS appointed GVA Grimley Limited as Law of Property Act Receivers over the Thornton-le-Dale property on 9 May 2014
- 7.1.5 BOS is expected to suffer a shortfall on its lending to the Mimosa Group.

7.2. Preferential Creditors

- 7.2.1 All staff contracts within the group are held by Mimosa Healthcare Holdings Limited or Mimosa SX Limited. As such, it is not expected that there will be any preferential claims in the Company.

7.3 Prescribed Part

- 7.3.1 Prescribed Part provisions apply where a company has granted a floating charge to a creditor after 15 September 2003. The Company has granted a floating charge after this date therefore the Prescribed Part will apply.
- 7.3.2 The Prescribed Part is a proportion of the Company's net property made available for the satisfaction of unsecured debt. The net property is the amount that would otherwise be available to a floating chargeholder
- 7.3.3 Where the net property exceeds £10,000, the Prescribed Part is calculated at 50% of the first £10,000, plus 20% of the property which exceeds £10,000 up to a maximum Prescribed Part of £600,000. Any distribution under the Prescribed Part is dependent upon recoveries in respect of the sale of the Home and, as such, the level of distribution is currently uncertain.

7.4 Unsecured Creditors

- 7.4.1 The only monies potentially available to the unsecured creditors will be in respect of the Prescribed Part
- 7.4.2 Any distribution will be dependent upon the outcome of the sale of the Home.

8. Administrators' Remuneration

- 8.1 Under the terms of the Insolvency Rules 1986, the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2). This permits remuneration to be fixed as a percentage of the property with which the Administrators have to deal, by reference to the time the Joint Administrators and their staff have spent in attending to matters, or a fixed amount. Remuneration may be fixed on one or a combination of any of the foregoing bases.
- 8.2. In respect of this Administration, the approval of the remuneration is a matter for the secured creditor of the Company. The secured creditor has previously approved our remuneration on a time cost basis.
- 8.3 A schedule is attached summarising the time costs of £62,716.40 accrued to date and indicating the work undertaken in that respect. The time costs comprise of 306.35 hours at an average chargeout rate of £204.72 per hour.
- 8.4. Creditors should refer to BDO LLP's attached policy on fees and disbursements for further information in relation to BDO LLP's charge out rates and the charging of disbursements.
- 8.5 A creditors' guide to fees in Administrations can be downloaded from our website, www.bdo.co.uk/cgtf. A hard copy of the guide will be provided to any creditor who requests one.

9. Disbursements

- 9.1 Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. Category 1 disbursements incurred to date total £298.97.
- 9.2 Some administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP is not to charge any category 2 disbursements except for mileage charges. Mileage is currently charged at 45 pence per mile with an additional surcharge of 5 pence per mile if there is a passenger(s). The secured creditor previously approved category 2 mileage disbursements of £376.25.
- 9.3 Further category 2 mileage disbursements of £26.23 have accrued. Approval of these additional costs is a matter for the secured creditor.

10. Creditors' Rights

- 10.1 I attach an extract from the Insolvency Rules 1986 that sets out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

11. Complaints

- 11.1 The Insolvency Services has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to me but

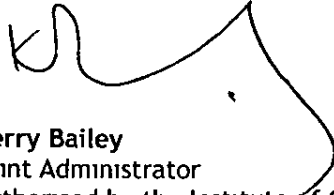
are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint

12. Additional Information

12.1 I trust this report provides you with sufficient information, but if you require more information or have any questions please contact Mike Roberts of this office using one of the contact methods below.

- By email mike.roberts@bdo.co.uk
- By telephone 0161 817 7500, or
- By fax 0161 817 7683

Yours faithfully
for and on behalf of
Mimosa Healthcare Limited



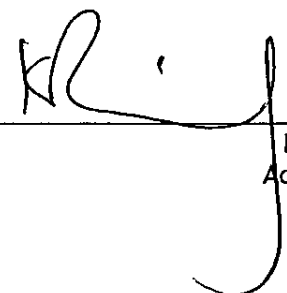
Kerry Bailey
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales

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Mimosa Healthcare Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 24/03/2014 To 23/09/2014	From 24/03/2014 To 23/09/2014
1,000,000.00	FIXED CHARGE ASSETS		
	Freehold Land & Property	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
58,000 00	ASSET REALISATIONS		
	Book debts	22,741.60	22,741 60
	Interest Gross	21.71	21 71
	Sundry Refunds	991.48	991.48
	Trading Surplus/(Deficit)	<u>(15,313.67)</u>	<u>(15,313.67)</u>
		8,441.12	8,441.12
	COST OF REALISATIONS		
	Data Protection Registration	35.00	35 00
	Agents' Fees & Disbs	2,628.00	2,628 00
	Bank Charges	<u>1,989.91</u>	<u>1,989 91</u>
		(4,652.91)	(4,652.91)
<u>1,058,000.00</u>		<u>3,788.21</u>	<u>3,788.21</u>
	REPRESENTED BY		
	RBS - Floating		21,118 80
	Dean Wood Manor		69,744 72
	Bank of Scotland A/C		(80,209.66)
	Trade Creditors		(6,641 41)
	Unallocated receipts		(224 24)
			<u>3,788.21</u>

Note


 Kerry Bailey
 Administrator

**Mimosa Healthcare Limited
(In Administration)
Administrators' Trading Account**

Statement of Affairs	From 24/03/2014 To 23/09/2014	From 24/03/2014 To 23/09/2014
POST APPOINTMENT SALES		
Sales (2)	475,875.60	475,875.60
	<u>475,875.60</u>	<u>475,875.60</u>
COST OF SALES		
Professional Fees	39,600.00	39,600.00
	<u>(39,600.00)</u>	<u>(39,600.00)</u>
TRADING EXPENSES		
Wages	342,628.80	342,628.80
Insurance	4,836.57	4,836.57
Trading Expenses	104,123.90	104,123.90
	<u>(451,589.27)</u>	<u>(451,589.27)</u>
TRADING SURPLUS/(DEFICIT)	<u>(15,313.67)</u>	<u>(15,313.67)</u>

Name of Assignment Mimoso Healthcare Limited - AD 00240660
Summary of Time Charged and Rates Applicable for the Period From 22/03/2014 to 10/10/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B Steps on Appointment	0 10	46 10	4 50	1,249 50	23 50	4,300 50			3 25	204 75	1 50	94 50	32 85	5,895 35	179 46
D General Administration			12 80	3,727 00	65 60	12,004 80			0 75	47 25			79 15	15,779 05	199 36
E Assets Realisation/Dealing	2 15	991 15	29 15	7,523 30	44 00	8,052 00							75 30	16,566 45	220 01
F Trading Related Matters	1 50	691 50	33 35	8,300 05	60 35	11,044 05			1 75	110 25	0 25	15 75	97 20	20,161 60	207 42
G Employee Matters			0 45	91 35	1 65	301 95			0 15	14 85	0 90	62 10	3 15	470 25	149 29
H Creditor Claims			0 50	101 50	1 00	183 00			1 50	94 50	0 25	15 75	3 25	394 75	121 46
I Reporting			4 95	1,359 45	10 00	1,830 00							14 95	3,189 45	213 34
K Work			0 50	259 50									0 50	259 50	519 00
	3 75	1,728 75	86 20	22,611 65	206 10	37,716 30	0 00	0 00	7 40	471 60	2 90	188 10			

Net Total	306.35	62,716 40
Secretarial Expense		0 00
Other Disbursements		701 45
Billed		0 00
Grand Total		63,417 85

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Kerry Bailey of BDO LLP, 3 Hardman Street, Manchester, M3 3AT

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

(b) Insert dates

(b) From 24 March 2014

(b) To 23 September 2014

Signed

For the Joint Administrators

Dated

22.10.14



Mimosa Healthcare Limited - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows. This in no way implies that staff at all such grades will work on the case.

GRADE	£
Partner	461
Director	295
Senior Manager	230-271
Manager	203
Assistant Manager	183
Senior Executive	172
Executive	155
Junior Executive	99
Cashier	183
Trainee	63
Support staff/Secretary	63

The rates charged by BDO LLP, 3 Hardman Street, Manchester M3 3AT are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.



1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

3) Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, in respect of this appointment is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

22 October 2014

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just

Rule 2.109 Creditors' claim that remuneration or other expenses are excessive

(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 sufficient 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

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-

Rule 2 109 (continued)

(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