

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company Castlebeck Group Limited	Company number 04450369
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 1622 of 2013

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

We (a)  
Joseph P McLean  
Grant Thornton UK LLP  
Earl Grey House  
75-85 Grey Street  
Newcastle Upon Tyne  
NE1 6EF

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

Daniel Smith  
Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

\*Delete as applicable

attach a copy of our proposals in respect of the administration of the above company

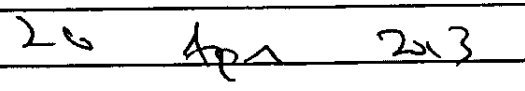
A copy of these proposals was sent to all known creditors on

(b) 26 April 2013

Signed

  
 Joint Administrator

Dated


**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

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

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

DX Number

Tel/Fax  
DX Exchange

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

TUESDAY



A03 30/04/2013 #224  
COMPANIES HOUSE

Our Ref JMcL/ZLC/KLM/KZP/C01680/PF7

To the Creditors

26 April 2013

Dear Sir/Madam

**Recovery and Reorganisation**

Grant Thornton UK LLP  
4 Hardman Square  
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Manchester M3 3EB

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**Castlebeck Group Limited - in Administration ('the Company' or 'CBG')**

**High Court of Justice, Chancery Division, Companies Court  
No 1622 of 2013**

**1 Introduction**

- 1.1 Following our appointment as Joint Administrators of the Company by the directors on 5 March 2013, Daniel Smith, David Dunckley, and I are submitting our proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the Administration
- 1.2 This report contains the information required by Rule 2.33 of the Insolvency Rules 1986
- 1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Joint Administrators are to be exercised by any or all of them

**2 Statutory information**

- 2.1 The Group consists of the following entities

CB Care Limited ("CB Care")  
Castlebeck Care Holdings Limited ("CBCH")  
Castlebeck Care (Teesdale) Limited ("Teesdale")  
Castlebeck Group Limited ("CBG")  
Castlebeck Property Limited ("CBP")  
Castlebeck Property Holdings Limited ("CBPH")  
Linear Care Limited ("Linear")  
and referred to as the Group

- 2.2 The statutory details of the Group are summarised in Appendix A
- 2.3 The Administrations constitute 'main proceedings' under the EC Regulation on Insolvency Proceedings

### **3 Background to the Joint Administrators' appointment**

- 3 1 The Group specialises in care for patients and residents with mental health, mental illness and learning disabilities, who demonstrate challenging behaviour and complex needs. The Group operates from 20 locations across the Midlands, North East England and Scotland.
- 3 2 CB Care, CBCH, and CBG are intermediate holding companies and do not trade. Linear was formed as a special purchase vehicle but no such investments have been made and, therefore, is dormant. CBP is also a dormant company.
- 3 3 Teesdale is the trading entity of the Group and owns the freehold and fixtures and fittings of 18 of the homes. CBPH owns the freeholds and fixtures and fittings of two homes, but does not trade.
- 3 4 Grant Thornton UK LLP (the Firm) was first engaged by the Group on 7 September 2011.
- 3 5 The Firm was requested to undertake a business review and produce a report with recommendations for the Group's funders, and the Group. Since that time the Firm has remained engaged by the Group's funders to provide continuing advice to the funders in relation to the Group.
- 3 6 Prior to these consultations, neither we, nor the Firm, had any dealings or involvement with the Group, its directors or secretary.
- 3 7 The Firm's work outlined above focused on the underlying viability of the Group following the reduction in patient and resident numbers after one of the hospitals that the Group operated was the subject of a BBC Panorama programme in May 2011, which screened details relating to abuse of patients and residents. This hospital was closed in June 2011.
- 3 8 Following detailed discussions and the implementation of a number of actions, it was concluded that the most appropriate action was for a purchaser of the Group to be sought. On 4 April 2012 the Firm was engaged to assist the directors to try to identify a purchaser for the shares, or the business and assets of the Group.
- 3 9 Prior to our appointment management concluded the sale of two of the Group's trading divisions (MHC, in November 2012, and Young Foundation Limited, in February 2013).
- 3 10 Following the sale of these two divisions, the Group had only one remaining core trading subsidiary, Teesdale. A potential purchaser was located for this company and a period of exclusivity was entered but, for a variety of reasons, this party was unable to complete the acquisition.

- 3 11 Having considered all the options, the directors concluded that the most appropriate course of action for the Group was for it to be placed into Administration and subsequently, on 5 March 2013 made the direct appointment of Administrators in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986
- 3 12 It was decided to place the whole Group into Administration rather than just Teesdale, the trading entity, to ensure that the Joint Administrators had complete control of the Group
- 3 13 The objective of an Administration is to rescue a company as a going concern or to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up, or, if neither of these is reasonably practicable, to realise property in order to make a distribution to one or more secured or preferential creditors

#### **4 Assets and liabilities**

- 4 1 The directors have prepared a statement of affairs for the Company, which is attached at Appendix B
- 4 2 As detailed above, CBG is a holding company and its primary assets relate to its investment in a subsidiary and amounts due from group undertakings. As the whole group has been placed into Administration the directors have attributed no value to these assets. In addition, the Company is owed deferred tax of £739,000 but again it has been assumed that this will not have a realisable value. The directors have, therefore, assumed that there will not be a distribution to the unsecured creditors by way of the prescribed part of the Company's net property under Section 176A of the Insolvency Act 1986
- 4 3 The only prospect of a return to the creditors of the Company will be through a distribution to the unsecured creditors of other group companies by way of the prescribed part. It is not yet known if such a distribution will occur
- 4 4 The whole Group, excluding Linear, has provided security to the Group's funders
- 4 5 The directors have advised that the Company has no employees and, therefore, there are no preferential creditors

#### **5 Conduct of the Administration**

##### **Trading and financing of the Administration**

- 5 1 Upon our appointment, we discussed the trading and financing of the Administrations with the Group's directors and obtained the support of the Group's funders to provide the necessary funding to enable the Group to continue to trade during Administration to safeguard the provision of care to the patients and residents and also to enable the Administrators the opportunity to explore the possibility of locating a going concern purchaser for the Group's business and assets
- 5 2 There have been no receipts and payments in respect of this Administration to date

### **Proposals for achieving the objective of the Administration**

- 5.3 The Administrators will pursue the objective of realising assets for the benefit of the secured creditors. We concluded that a rescue of the Company was not viable due to its association with other Group companies and the level of funding that would be required to effect a rescue. A better result for the Company's creditors as a whole than would be likely if the company were wound up cannot be achieved as the realisable value of the company's assets is not expected to be sufficient to permit payment in full of the secured creditors.
- 5.4 This objective will be achieved by the Joint Administrators continuing to manage the business of the Company for so long as they believe it appropriate in attempting a more advantageous realisation of assets.
- 5.5 It is proposed that the Administration will end by the Company entering into Creditors' Voluntary Liquidation, or if there are no monies available for unsecured creditors, by the dissolution of the Company.
- 5.6 If the Company is placed into Creditors' Voluntary Liquidation, it is proposed that the Administrators in office at that date be appointed Liquidators (with the actions in the Liquidation to be carried out by any one or more of the Liquidators). However, creditors may nominate a different Liquidator or Liquidators if nomination to that effect is received before the approval of these proposals.

### **6 Administrators' remuneration and disbursements**

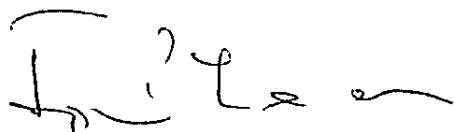
- 6.1 The basis of the Administrators' remuneration is to be fixed by the creditors. If a creditors' committee is appointed at a meeting convened to consider this statement of proposals or subsequently, then this is a matter for the committee. If no committee is appointed, then as we are of the opinion that the company has insufficient property to enable any distribution to be made to unsecured creditors other than by virtue of s176A of the Insolvency Act 1986, approval will be obtained from the secured creditors.
- 6.2 Background information regarding the fees of Administrators can be found at [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk) (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request.
- 6.3 The Administrators will request that their remuneration be calculated according to the time properly given by the Administrators and their staff in attending to matters arising in the Administration. Time is charged in 6 minute units.
- 6.4 The Administrators will charge out of pocket expenses at cost. Mileage is charged at the standard rates used from time to time by Grant Thornton UK LLP. VAT is added to disbursement charges as necessary.
- 6.5 Payments of the Administrators' remuneration and disbursements are to be met from funds held in the Administration in priority to the claims of creditors.
- 6.6 My Firm's time costs to date in relation to the Administration of the Company amount to £45,261.20.

- 6 7 In relation to the Company, no pre-appointment time costs were incurred with the view to the Company entering Administration

**7 Meeting of creditors**

- 7 1 A meeting of creditors has not been convened because, in accordance with paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986, we are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of Section 176A of the Insolvency Act 1986
- 7 2 The proposals contained in this statement will be deemed to have been approved by the creditors unless, within eight business days of this statement being sent out, a meeting is requisitioned by creditors whose debts amount to at least 10% by value of the total debts of the Company

Yours faithfully  
for and on behalf of Castlebeck Group Limited

A handwritten signature in black ink, appearing to read 'J P McLean', with a stylized flourish at the end.

Joseph P McLean  
Joint Administrator

The affairs, business and property of Castlebeck Group Limited are being managed by Daniel Smith, David Duncley, and Joseph P McLean, appointed as Joint Administrators on 5 March 2013

## A The Groups statutory details

	<b>CB Care Limited</b>	<b>Castlebeck Care Holdings</b>	<b>Castlebeck Care (Teesdale) Limited</b>
Registered number	05843078	03540515	02050483
Date of incorporation	12 June 2006	3 April 1998	28 August 1986
Registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3FB	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB
Authorised share capital	100 Ordinary £1 Shares	1,800,000 Ordinary A £1 Shares	7,887,780 Ordinary 1p Shares
Issued share capital	100 Ordinary £1 Shares	1,800,000 Ordinary A £1 Shares	7,887,780 Ordinary 1p Shares
Secretary at date of appointment & shareholdings	Peter Mark Ian Short	Peter Mark Ian Short	Peter Mark Ian Short
Directors at date of appointment & shareholdings	Simon Harrison Sukhvinder Kaur-Stubbs Debra Moore	Peter Mark Ian Short Sean Patrick Sullivan	Simon Harrison Debra Moore Peter Mark Ian Short
	<b>Castlebeck Group Limited</b>	<b>Castlebeck Property Limited</b>	<b>Castlebeck Property Holdings Limited</b>
Registered number	04450369	05665543	05887272
Date of incorporation	29 May 2002	4 January 2006	26 July 2006
Registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB
Authorised share capital	4,211,761 Ordinary 1p Shares	1 Ordinary £1 Share	1 Ordinary £1 Share
Issued share capital	4,211,761 Ordinary 1p Shares	1 Ordinary £1 Share	1 Ordinary £1 Share
Secretary at date of appointment & shareholdings	Peter Mark Ian Short	Peter Mark Ian Short	Peter Mark Ian Short
Directors at date of appointment & shareholdings	Peter Mark Ian Short Sean Patrick Sullivan	Peter Mark Ian Short Sean Patrick Sullivan	Peter Mark Ian Short Sean Patrick Sullivan
	<b>Linear Care Limited</b>		
Registered number	07939705		
Date of incorporation	7 February 2012		
Registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB		
Authorised share capital	Nil		
Issued share capital	Nil		
Secretary at date of appointment & shareholdings	Scott Thomas Mounsey		
Directors at date of appointment & shareholdings	Scott Thomas Mounsey Paul Young		

B Castlebeck Group Limited - in Administration  
Directors' statement of affairs  
as at 5 March 2013



**Statement of affairs**

Name of Company  
Castlebeck Group Limited

Company number  
04450369

In the  
High Court of Justice, Chancery Division,  
Companies Court

Court case number  
1622 of 2013

(a) Insert name and address of  
registered office of the company

Statement as to the affairs of (a) Castlebeck Group Limited, c/o Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB


on the (b) 5 March 2013, the date that the company entered administration

(b) Insert date

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 5 March 2013 the date that the company entered administration

Full name PETER MARK IAIN SHULT

Signed 

Dated 20.3.2013

## Assets

INVESTMENT IN CASTLEBECK CARE HOLDINGS LTD  
LESS OWED TO SECURED LENDERS

AMOUNTS DUE FROM GROUP UNDERTAKINGS  
DEFERRED TAX

### Uncharged assets

Estimated total assets available for preferential creditors


Signature

Mark

Date\_\_\_\_\_

20.3.2013

## A1 – Summary of Liabilities

		Estimated to realise £ 1,000
Estimated total assets available for preferential creditors (carried from page A)	£ 0	
<b>Liabilities</b>		
Preferential creditors -		
Estimated deficiency/surplus as regards preferential creditors	£	
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge holders	£	
Debts secured by floating charges	£	
Estimated deficiency/surplus of assets after floating charges	£	
Estimated prescribed part of net property where applicable (brought down)	£	
Total assets available to unsecured creditors	£ 0	
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 0	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	
Shortfall to floating charge holders (brought down)		(217,000)
Estimated deficiency/surplus as regards creditors		
Issued and called up capital	£ (102,652)	
Estimated total deficiency/surplus as regards members	£ (319,652)	
Signature 	Date 20 3 2013	

## COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

[illegible]

**Signature**



Date 20 3 2013

# COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value £ '000	Details of Shares held
CB CAFE LIMITED	CHESTNUT ST, DARLINGTON, DL1 1QL	10,265,200,161	102,652	ORDINARY
TOTALS		10,265,200,161	102,652	

Signature Wheat

Date 20.3.2013