

The Insolvency Act 1986

Administrator's progress report

Name of Company

Walton Lodge Veterinary Clinics Limited

Company number

04769215

In the
High Court of Justice Leeds District Registry
(full name of court)Court case number
1423 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
James E Patchett FCCA FABRP
Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LAJohn D Hedger
Seneca IP Limited
Speedwell Mill, Old Coach Road
Tansley
Matlock
Derbyshire

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

From

To

(b) Insert date

(b) 22 January 2013

(b) 21 July 2013

Signed

Joint / Administrator(s)

Dated

16/8/2013

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

James E Patchett FCCA FABRP
Turpin Barker Armstrong
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

DX Number

020 8661 7878
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

SATURDAY



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17/08/2013

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COMPANIES HOUSE

**Walton Lodge Veterinary Clinics Limited
Joint Administrators' Progress Report to Creditors
For the six months ending 21 July 2013**

STATUTORY INFORMATION

Company name Walton Lodge Veterinary Clinics Limited

Previous company name n/a

Registered office Allen House, 1 Westmead Road, Sutton, Surrey, SM1 4LA

Former registered office Manufactory House, Bell Lane, Hertford, Hertfordshire SG14 1BP

Registered number 04769215

Date of incorporation 19 May 2003

Trading address
(Head office) Unit 1 Station Road, Braughing, Ware, Hertfordshire SG11 2PB

Principal trading activity Veterinary clinics

Joint Administrators' names

James E Patchett	John D Hedger
Turpin Barker Armstrong	Seneca IP
Allen House	Speedwell Mill, Old Coach Road
1 Westmead Road	Tansley
Sutton, Surrey SM1 4LA	Matlock DE4 5FY

Joint Administrators' date of appointment 22 January 2013

Court name and reference High Court of Justice, Leeds District Registry No 1423 of 2012

Appointment made by Court

Joint Administrators' actions Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

ADMINISTRATOR'S ACTIONS SINCE APPOINTMENT

Since our appointment we finalised a sale of the company's assets to Walton Lodge Veterinary Group Limited on 18 April 2013 (see Assets). Deferred payment terms were agreed such that the total sum of £115,000 is being paid over a period of ten months. Since our appointment we have monitored and pursued receipt of these instalments.

In accordance with the Administration Order, we have discharged the petition costs and the pre administration costs of both joint administrators. We have also discharged the agreed fee of the solicitors engaged to deal with the drafting of the sale contract.

We have also commenced investigations into the affairs of the company prior to our appointment, and these investigations are on-going. A report has been submitted to the Secretary of State in this matter.

We have dealt with the claims of unsecured creditors, primarily HM Revenue and Customs. We have also liaised with the secured charge holder, HSBC Bank plc, with regard to making a distribution under the Bank's fixed charge.

Finally we have undertaken the statutory tasks as required under the legislation.



RECEIPTS AND PAYMENTS ACCOUNT

Our Receipts & Payments Account for the period from 22 January 2013 to 21 July 2013 is attached at Appendix 1. Since this date, we have received a further £18,080 in respect of the sale of the assets and £2 21 of bank interest.

ASSETS

As described in our proposals, the Company's assets consisted primarily of acquired goodwill and tangible assets used at the veterinary surgeries from which the Company traded. The Company's business and assets were valued by independent and professional valuers, Hawbery King, who concurred that the consideration being paid by Group should be apportioned as £50,000 for goodwill and £25,000 for the tangible assets.

On 18 April 2013, we completed a sale of the goodwill and tangible assets to Walton Lodge Veterinary Group Limited for the total sum of £115,000.

It should be noted that where the director or any connected party has expressed an interest in acquiring certain assets of the company, creditor's attention is drawn to Statement of Insolvency Practice number 13, which deals with this issue. I would confirm that the over-riding principal is to enable the office holder to maximise realisations from the sale of assets. Where this involves the sale of assets to a party connected to the company in administration, this is to be fully disclosed to creditors when the administrator reports to creditors after the disposal has taken place.

As described in our proposals, a connected party, Walton Lodge Veterinary Group Limited expressed an interest in acquiring the business and assets of the company. Advice was sought from our agents Hawbery King, and I understand that the purchaser was independently advised.

An offer of £115,000 was received from Walton Lodge Veterinary Group Limited which is a company controlled by Helen Lee and Rodney Pugh, the directors of Walton Lodge Veterinary Clinics Limited, which includes £90,000 for goodwill (including Intellectual Property, Customer Contracts and Supplier Contracts, the company records and commercial lists) and £25,000 for moveable assets and stock. The sale was completed on 18 April 2013 and the consideration is to be paid over a period of 10 months commencing on 3 May 2013, the final payment being due on or before 3 March 2014.

As described in our proposals, we received one other expression of interest. However, the interested party did not pursue the enquiry any further upon being advised that the business had ceased to trade on 31 December 2011 and that none of the trading premises were held in the name of the Company, so that the only assets for sale were whatever goodwill remained for an unconnected party and the tangible assets located at the trading premises. The agents did not consider that the business had any value to any unconnected third party purchaser without the trading premises. I did not therefore market the business formally for these reasons.

We are satisfied that the sale price agreed was the best possible outcome for creditors in this matter.

A description of the company's assets, as previously advised in our proposals, is provided below for your ease of reference.

Goodwill

The goodwill was acquired upon the incorporation of the sole trader veterinary business of Mrs Helen Lee, a director of the company, in 2002 for the sum of £263,000. Prior to 2010 the company's policy was not to amortise this goodwill and the book value when the company entered a CVA was £249,850. For the purposes of the CVA the value in September 2011 was estimated to be £50,000 although it is not known whether an independent valuation was obtained at that time.

Leasehold/ Freehold Property

The directors advised that the company occupied the following premises

The Corner House, 78 Ware Road, Hertford, Hertfordshire
The Bungalow, Brewery Road, Hoddesdon, Hertfordshire
Maxwell Road, Stevenage, Hertfordshire
Kingswood Nursery, Bullsmoor Lane, Enfield

The tangible assets as detailed in the company's accounts include substantial sums expended since 2002 in respect of leasehold improvements to the premises occupied by the company. Only one lease, that of the Enfield premises, is in the name of the company and that lease expired on 31st December 2012. The leases of the properties at Maxwell Road, Stevenage, Ware Road, Hertford, and Brewery Road, Hoddesdon are held in the name of Helen Lee, the director of the company.

Accordingly, it is believed that any assets in respect of leasehold improvements have no recoverable value.

Freehold land and buildings

The freehold property at 9 The Green, Kings Hill, Ware, Hertfordshire is personally owned by Helen Lee.

We have been advised of other premises at Braughing, Ware, Welwyn Garden City, Bishops Stortford and Harlow but as far as we are aware these are properties held by Group.

Furniture and equipment

The company's fixtures & fittings will realise the sum of £25,000 in accordance with the independent professional valuation and the terms of the sale agreement.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company has granted the following charges:

Charge-holder National Westminster Bank plc
Type Debenture
Created 29/11/2004, Registered 07/12/2004

This charge is satisfied.

Charge-holder HSBC Bank plc
Type Rent Debenture
Created 27/7/2009, Registered 30/7/2009

This is an 'all monies' Fixed & Floating Charge over the undertaking and all property and/or assets present and future including Goodwill, Book Debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

HSBC Bank plc has not yet submitted a formal claim in this matter and the indebtedness is therefore currently estimated to be £53,198.



Preferential Creditors

There are no known preferential creditors

The company's former employees transferred to the purchasing company prior to our appointment and will have no claims against the Company

Crown Creditors

The statement of affairs included £382,471 owed to HMRC. HMRC have submitted a claim for £194,270 in respect of VAT and £486,185 in respect of PAYE, NIC and CT. The claim for PAYE and NIC includes an assessment of £136,609 for the 2012/13 period, during which time we understand that the employees transferred to Walton Lodge Veterinary Group Limited

Non-preferential unsecured Creditors

The statement of affairs listed 2 unsecured creditors, including HMRC as above. The other unsecured creditor(s) were the directors Helen Lee and Rodney Pugh with an estimated total liability of £21,000. We have not received a formal claim from Mrs Lee or Mr Pugh. No further claims have been received from creditors

DIVIDEND PROSPECTS

Secured creditors -

We anticipate that the liability to HSBC Bank plc will be discharged in full from realisations into the administration

Preferential Creditors

There are no known preferential creditors and no claims are anticipated in this regard

Unsecured creditors

As previously advised, the Company gave a floating charge to HSBC Bank plc on 27 July 2009 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the Administration to date, the net property of the Company is £12,859 and we estimate that the prescribed part of the net property for unsecured creditors is £5,571. However, these estimates do not take into account the future costs of the Administration (and any subsequent Liquidation), which will reduce the amount of the Company's net property

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

We undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved

Our initial investigations have included reviewing the company's books and records, bank statements, credit card statement and sales transactions. We are currently still awaiting receipt of a considerable amount of company records including a copy of the SAGE accounting software from the directors

We can advise that our investigations still remain on going in this matter as there are various areas of investigation that still require further clarification from the directors of the company

Within six months of our appointment as Administrator, we are required to submit a confidential report to the Secretary of State to include any matters which have come to our attention during the course of our work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of the company. I would confirm that our report has been submitted



PRE-ADMINISTRATION COSTS

The Administration Order specified that the pre administration costs of the winding up petition and the costs of the administration application should be paid as an expense of the administration

The following pre-appointment costs have been discharged

Description	Paid £ (net)	Outstanding £ (net)
Joint Administrators' remuneration		
Turpin Barker Armstrong	9,552 50	nil
Seneca IP Limited	2,155 00	nil
Legal fees – JMW Solicitors LLP	12,500 00	nil
Petition costs - HLW Keeble Hawson	6,500 00	nil
TOTAL	£30,707.50	

The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case

JOINT ADMINISTRATORS' REMUNERATION

Our remuneration was previously authorised at a (postal) meeting of creditors on 2 April 2013 to be drawn on a time cost basis

Turpin Barker Armstrong's time costs to 21 July 2013 amount to £35,755 50, representing 116 20 hours of work at an average charge out rate of £307 71 per hour

Seneca IP Limited's time costs to 21 July 2013 amount to £17,025 00, representing 57 90 hours work of at an average charge out rate of £294 04 per hour

We have not yet been able to draw any remuneration in this matter

Schedules of our time costs incurred to date are attached as Appendix 2

A description of the routine work undertaken in the Administration to date is as follows

- 1 Administration and Planning
 - Preparing the documentation and dealing with the formalities of appointment
 - Statutory notifications and advertising
 - Preparing documentation required
 - Dealing with all routine correspondence
 - Maintaining physical case files and electronic case details on IPS case management software
 - Review and storage
 - Case bordereau
 - Case planning and administration
 - Preparing reports to members and creditors
 - Convening and holding meetings of members and creditors
- 2 Cashiering
 - Maintaining and managing the Administrator's cashbook and bank account
 - Ensuring statutory lodgements and tax lodgement obligations are met

- 3 Creditors
 - Dealing with creditor correspondence and telephone conversations
 - Preparing reports to creditors
 - Maintaining creditor information on IPS case management software
 - Reviewing, and adjudicating on if necessary, proofs of debt received from creditors
 - Liaising with HSBC Bank plc with regard to their secured claim
- 4 Investigations
 - Review and storage of books and records
 - Prepare a return pursuant to the Company Directors Disqualification Act
 - Conduct investigations into suspicious transactions
 - Review books and records to identify any transactions or actions an Administrator may take against a third party in order to recover funds for the benefit of creditors
- 5 Realisation of Assets
 - Liaising with the company's bank regarding the closure of the account
 - Seeking advice from and liaising with solicitors on the proposed sale of the Company's assets
 - Negotiating with the directors of the proposed purchaser, Walton Lodge Veterinary Group Limited
 - Pursuing the purchaser for the agreed monthly payments under the sale agreement

In addition to the routine work above, we have spent additional time in the reporting period as follows

We have been engaged in extensive communication with Dr Willington-Lane, as the holder of an Enduring Power of Attorney, and latterly as an executor, over the estate of Margaret Willington, being the holder of preference shares in the Company Dr Willington-Lane's concerns are being investigated by John Hedger

A copy of 'A Creditors Guide to Administrators' Fees' published by the Association of Business Recovery Professionals, together with an explanatory note which shows Turpin Barker Armstrong's fee policy are available at the link <http://www.turpinba.co.uk/services/insolvency/fees.htm> Please note that there are different versions of the Guidance Notes, and in this case you should refer to the post April 2010 (November 2011) version A hard copy of both documents can be obtained on request from the address below

Please note that Turpin Barker Armstrong's hourly charge out rates have changed on 1 April 2013 Details of the new rates, and those prior to this date, can be found by following the link above

JOINT ADMINISTRATORS' EXPENSES

Turpin Barker Armstrong's expenses to 21 July 2013 amount to £255, being a specific bond fee of £180 and statutory advertising of £75

Seneca IP Limited's expenses to 21 July 2013 amount to £185, being a specific bond fee of £180 and company search fees of £5

We have not been able to draw any expenses in this matter

The following agents or professional advisors have been utilised in this matter

Pre Appointment

Professional Advisor	Nature of Work	Fee Arrangement
Hawbery King JMW Solicitors LLP	Valuer/Auctioneer Solicitors	Fixed fee + Disbursements Time costs + Disbursements



Post-Appointment

Professional Advisor	Nature of Work	Fee Arrangement
JMW Solicitors LLP	Solicitors	Fixed fee + Disbursements

The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.

EXIT TO CVL

As detailed under "Assets", the Company's assets were sold to WLVG who are paying by instalments, the final instalment being scheduled to be received on or before 3 March 2014.

The Administration will automatically come to an end on 21 January 2014 at which time our proposals indicated that we intend to exit the administration via a Creditors' Voluntary Liquidation. There is no reason why the remaining instalments cannot be collected under a liquidation process.

We are also continuing to investigate various issues which may result in further realisations for the benefit of creditors. We do not believe that the conclusion of the investigations will be achieved within the period of the Administration.

Due to the on-going investigations which the Official Receiver would, to some extent, have to duplicate under a compulsory winding up as well as the increased costs associated with this process, the Joint Administrators intend that the Administration will be converted to a Creditors' Voluntary Liquidation without delay. The administration will end by the company being placed into creditors' voluntary liquidation with John Hedger and myself being appointed as joint liquidators with similar division of duties as present.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

Should you have any queries regarding this report, or the Administration in general, please contact Lindsey Moore on 020 8661 7878.



James E Patchett FCCA FABRP
Joint Administrator



Walton Lodge Veterinary Clinics Limited
(In Administration)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 22/01/2013 To 21/07/2013 £	From 22/01/2013 To 21/07/2013 £
RECEIPTS			
Goodwill	50,000 00	36,735 00	36,735 00
Moveable assets and stock	15,000 00	10,205 00	10,205 00
Bank Interest Net of Tax		7 05	7 05
		<u>46,947 05</u>	<u>46,947 05</u>
PAYMENTS			
HSBC Bank	(53,198 00)	0 00	0 00
Legal Fees		4,500 00	4,500 00
Legal Fees - pre appointment		12,500 00	12,500 00
Petition costs		6,740 20	6,740 20
Joint Administrators preappointment cost		11,707 50	11,707 50
Directors	(21,000 00)	0 00	0 00
HM Revenue & Customs	(382,471 00)	0 00	0 00
Preference Shareholders	(310,000 00)	0 00	0 00
Ordinary Shareholders	(2 00)	0 00	0 00
Input VAT		4,573 50	4,573 50
		<u>40,021 20</u>	<u>40,021 20</u>
BALANCE - 21 July 2013			<u><u>6,925.85</u></u>

Note

It should be noted that all figures stated in the Receipts and Payments Account are detailed net of VAT



James E Patchett FCCA FABRP
Joint Administrator

WLVC Ltd
Estimated Outcome Statement as at 16 August 2013

	Notes	Book Value per SOA £	Receipts & payments to date £	Anticipated receipts & payments £	Estimated Outcome £
Receipts					
Fixed Charge Realisations					
Goodwill IP, Records Contracts etc			50,884 00	39,116 00	90,000 00
Total realisations			50 884 00	39 116 00	90,000 00
less proportion to total costs			31 320 94	12,417 26	43,738 20
Available to Secured charge holder			19 563 06	26 698 74	46 261 80
Liability to HSBC Bank plc under fixed charge					-53 198 00
Shortfall under fixed charge c/d					-6 936 20
Assets not specifically pledged					
Moveable assets and stock		0	14,135 00	10,865 00	25,000 00
Gross bank interest		0	9 26	0 00	9 26
Total realisations			14,144 26	10 865 00	25 009 26
Payments					
Joint Administrators' pre appointment costs			11,707 50	0 00	11,707 50
Solicitor's petition costs			6,740 20	0 00	6,740 20
Legal costs of application			12,500 00	0 00	12,500 00
Agents fees			0 00	0 00	0 00
Administrators' remuneration			0 00	20 000 00	20,000 00
Legal fees - post appointment			4,500 00	0 00	4,500 00
Statutory advertising			0 00	75 00	75 00
Specific bond			0 00	360 00	360 00
Other			0 00	5 00	5 00
VAT (net)			4 573 50	-4 573 50	0 00
			40,021 20	15 866 50	55,887 70
less proportion of costs assigned to fixed charge			-31 320 94	-12 417 26	-43,738 20
Total costs associated with floating charge assets			8 700 26	3 449 24	12,149 50
"Net Property"					12 859 76
Estimated Prescribed Part of "net property"					-5 571 95
Available for HSBC Bank plc under its floating charge					7,287 81
HSBC Bank plc - shortfall under fixed charge c/d					-6 936 20
Estimated Surplus available to unsecured creditors					351 61
Prescribed Part brought down					5,571 95
Total available for unsecured creditors					5,923 56

Time Entry - SIP9 Time & Cost Summary

XW0131 - Walton Lodge Veterinary Clinics Limited
 Project Code POST
 From 22/01/2013 To 21/07/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	22.80	28.20	0.00	0.00	51.00	16 155.00	316.76
Case Specific Matters	0.30	2.00	0.00	0.70	3.00	787.50	262.50
Creditors	12.00	21.80	0.00	0.00	33.80	10,163.00	300.68
Investigations	0.30	1.10	0.00	0.00	1.40	434.00	310.00
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	12.50	14.50	0.00	0.00	27.00	8 216.00	304.30
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	47.90	67.60	0.00	0.70	116.20	35,755.50	307.71
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

0343 - Walton Lodge Veterinary Clinics Ltd
From 22/01/2013 To 21/07/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.00	4.20	0.00	0.20	4.40	1,175.00	267.05
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.20	0.60	0.00	0.00	0.80	245.00	306.25
Investigations	5.30	40.30	0.00	0.00	45.60	13,202.50	289.53
Realisations of Assets	3.60	3.50	0.00	0.00	7.10	2,402.50	338.38
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	9.10	48.60	0.00	0.20	57.90	17,025.00	294.04
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	