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[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 5 1 3 7 5 3 5

Company name in full Lakeland Care Services Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Philip Joseph

Surname Dakin

### 3 Administrator's address

Building name/number Kroll Advisory Ltd

Street The Shard

32 London Bridge Street

Post town London

County/Region

Postcode S E 1 9 S G

Country United Kingdom

### 4 Administrator's name ①

Full forename(s) Benjamin John

Surname Wiles

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Kroll Advisory Ltd

Street The Shard

32 London Bridge Street

Post town London

County/Region

Postcode S E 1 9 S G

Country United Kingdom

#### 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	<sup>d</sup> 0	<sup>d</sup> 9	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2
To date	<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	<sup>d</sup> 0	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
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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 Jack Priestley

Company name Kroll Advisory Ltd

Address The Shard

32 London Bridge Street

Post town London

County/Region

Postcode SE1 9SG

Country United Kingdom

DX

Telephone +44 (0) 20 7089 4700

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- ☐ You have attached the required documents.
- ☐ You have signed the form.

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Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

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# Progress Report to Creditors

5 June 2023

## Lakeland Care Services Limited (In Administration)

*Joint Administrators' Progress Report for the period from  
9 November 2022 to 8 May 2023*

**Kroll Advisory Ltd**  
The Shard  
32 London Bridge Street  
London  
SE1 9SG

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## **1. Introduction**

The Joint Administrators were appointed on 9 November 2022 by the Secured Creditor, the holder of a qualifying floating charge.

The appointment was filed at the High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List, number 004143 of 2022.

The Progress Report provides an update on the Administration of the Company.

The Joint Administrators have also explained their future strategy for the Administration and how likely it is that they will be able to pay a dividend to each class of Creditor.

You will find other important information in this Progress Report such as the costs the Joint Administrators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this Progress Report to Creditors is attached at Appendix 9.

## **2. Creditor summary**

This Progress Report covers the period from 9 November 2022 to 8 May 2023.

### **2.1 Summary of Proposals**

As detailed in the Statement of Proposals, the purpose of an Administration is to achieve one of the following hierarchical objectives:

- Rescuing the Company as a going concern;
- 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); or
- Realising property in order to make a distribution to one or more Secured or Preferential Creditors.

Based on current information available to the Joint Administrators, we expect that the third objective will be achieved through a distribution to the Secured Creditor.

### **2.2 Progress to date**

The manner in which the affairs and business of the Company have been managed since the appointment of the Joint Administrators, and will continue to be managed and financed, is set out in section 3 of this progress report.

## **2.3 Outcome for Creditors**

### **2.3.1 Secured Creditor**

According to the SOA, the outstanding balance due to the Secured Creditor as at the Appointment Date totals c.£17 million subject to accruing interest and charges.

It is anticipated that the sale of the Group's assets will allow for the Secured Creditor to be repaid in full across the Group's estates however, the quantum and timing of such is wholly dependent on the length of time required to deliver a sale of the Group or its business and assets.

### **2.3.2 Preferential Creditors**

All of the Company's existing employees were retained on the appointment of the Joint Administrators and, as a result, it is not anticipated that any primary Preferential Creditor claims will be received.

The Joint Administrators are yet to receive a claim from HMRC in respect of their secondary preferential claim, however it is anticipated that there will be insufficient realisations in order to allow a distribution to be made to Preferential Creditors. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

### **2.3.3 Unsecured Creditors**

Based on current estimations, it is anticipated that there will be insufficient realisations to enable a distribution to the Unsecured Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

Please note, this Progress Report provides Creditors with an account of the progress of the Administration of the Company in the period. The Joint Administrators' Statement of Proposals issued to the Company's Creditors are available to view at [www.ips-docs.com](http://www.ips-docs.com) and paper copies can be provided free of charge by writing to Jack Priestley at [Jack.Priestley@kroll.com](mailto:Jack.Priestley@kroll.com). Unless otherwise stated, all amounts in this Progress Report and appendices are stated net of VAT.

## **3. Progress of the Administration**

This section provides an update on the Joint Administrators' strategy for the Administration and progress to date.

### **3.1 Strategy and progress to date**

#### **3.1.1 Initial actions**

Upon appointment, members of the Joint Administrators' team attended each of the Group's trading premises to speak with staff, obtain key information including contact details for the next of kin of each resident and key suppliers.

As a priority, each next of kin was contacted to explain the situation to them and to provide reassurance that although the Company had entered Administration, it was still very much business as usual.

These conversations were held in conjunction with Cornerstone who are appointed by the Joint Administrators as their clinical agent to assist staff in the day-to-day operation and management of the care homes, ensure the provision of care and compliance with regulations.

All statutory matters and duties required of the Joint Administrators were progressed.

### **3.1.2 Trading**

According to the information available to the Joint Administrators prior to their appointment, the Group as a whole was trading profitably. It was decided that continuing to trade the Group would be in the best interests of all stakeholders in order to maximise realisable value via a going-concern sale and also minimise any potential disruption for staff and residents.

The Joint Administrators' focus continues to be the ongoing provision of high-quality care to residents and in supporting the Group's staff to provide that care.

The Group's operations remain profitable at a home level and are anticipated to improve further. Therefore no funding requirement is anticipated from the Secured Creditor at the current time.

#### Clinical Review

The Company's operates two care homes at Holmewood Residential Care Home, Lamplugh, Cockermouth, Cumbria, CA13 0DP and Chichester Hall Care Home, Dicktro, Wigton, Cumbria, CA7 4QZ.

The current CQC rating for Holmewood is "Requires Improvement". The current CQC rating for Chichester is "Good". The CQC undertook a review of the service at Holmewood in November 2022 and May 2023 and found no evidence that this rating requires reassessment.

The Company's senior operations team, together with Cornerstone, continue to undertake a programme of internal audits/inspections to support the home managers in driving improvements and efficiencies in each of the Group's care homes where this is required.

#### Suppliers

As advised in their Proposals, the Joint Administrators contacted all suppliers immediately following their appointment in order to set up new accounts for the Administration trading period and to ensure there was no disruption in supply.

Day-to-day management of supplier relationships, including issuing remittances, requesting invoices and reconciling accounts, is being dealt with by the Group's finance team with ongoing supervision from the Joint Administrators' staff in respect of payments and cost controls.

#### Communication with Resident's Next of Kin / Relatives

We have continued to communicate as necessary with all next of kin as the Administration progresses, with letters being issued to advise of an industry-standard increase in fees and we will continue to keep all next of kin and relatives up to date with any pertinent information.



## **3.2 Asset realisations**

Realisations during the Reporting Period are set out in the attached receipts and Payments Account at Appendix 3.

Summaries of the most significant realisations during the Administration are provided below:

### **3.2.1 Sale of Business**

The Joint Administrators will look to achieve a sale of the Company and/or its business and assets alongside all other companies within the Group on a going-concern basis.

The Joint Administrators approached a number of sales agents who specialise in the sale of care homes to seek their proposals for the marketing and sale of the Company and/or its business and assets.

Proposals from a number of agents were received and reviewed, following which Colliers were engaged by the Joint Administrators as their selling agents and were instructed to proceed to market the Group's business and assets for sale.

The sale process is currently at an early stage as the Joint Administrators' initial focus has been on stabilising the Group's operations and prepare relevant sale materials alongside Colliers. The sale process formally commenced in April 2023 and a "teaser" document and detailed information memorandum are available to interested parties, together with a virtual data room containing additional information to facilitate any necessary due diligence.

Please do not hesitate to contact the Joint Administrators at [Julie.Wilby@Kroll.com](mailto:Julie.Wilby@Kroll.com) if you are interested in acquiring the Group, in whole or in part, so that your contact details can be passed to Colliers.

In order not to prejudice any future marketing process, no further information can be disclosed at this time in respect of any value that may be generated from the sale.

### **3.2.2 Book Debts**

According to the SOA, the outstanding debts due to the Company totalled £139,710 as at the Appointment Date. The Joint Administrators are working with the Company's finance team and also speaking with a specialist credit control agency with a view to maximising recoveries from this asset.

The Joint Administrators are also liaising with the Local Authorities and resident's families to ensure that payments are made accordingly.

To date, £54,812 has been realised from the Company's debtors. A further update will be provided in the next progress report to Creditors.

### **3.2.3 Cash at Bank**

As at the Appointment Date, the Company had cash at bank of £67,198 which was transferred to the Administration bank account.

### **3.2.4 Loans between Group Companies**

During the Reporting Period, the Company has made a number of short-term loans to other companies within the Group, as detailed in Receipts and Payment Account at Appendix 3.

Additionally, the Company has obtained short-term loans from other companies in the Group as and when the Company held insufficient funds to cover critical trading costs. It should be noted that these loans will be repaid in full when funds permit.

### **3.2.5 Trading Income**

Throughout the course of the Reporting Period, the Joint Administrators have continued to collect fees from residents as would be the case in the normal course of trading.

To date, £673,313 has been collected in respect of residents' fees.

### **3.2.6 Investigations**

The Joint Administrators reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for Creditors.

The Joint Administrators' investigations into the Company's affairs are currently ongoing. The Joint Administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's Creditors have information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please contact this office.

The Joint Administrators have a statutory obligation to file a report with BEIS concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators appointment. The Joint Administrators have filed their confidential report with BEIS regarding the conduct of the Directors of the Company.

## **3.3 Costs**

Payments made in the Reporting Period are set out in the attached Receipts and Payments account at Appendix 3.

Summaries of the most significant payments during the Administration are provided below:

### **3.3.1 Legal Fees**

During the Reporting Period, the Joint Administrators have paid legal fees of £1,850 plus VAT.

These fees relate to assistance provided by TLT LLP for advice on the validity of the Joint Administrators' appointment.

### **3.3.2 Management Agent Fees**

In order to ensure the ongoing provision of high-quality care to residents and to supporting the Company's staff in providing that care, Cornerstone were instructed as the Joint Administrators' management agents to assist in the day to day running of the Homes.

Throughout the Reporting Period, Cornerstone have assisted the Joint Administrators in liaising with the Local Authority and the CQC, provided on-site support to the Home Manager and reported to the Joint Administrators on a regular basis with updates as to the Homes' performance.

During the Reporting Period, fees of £13,000 have been paid to Cornerstone in respect of their services outlined above.

### **3.3.3 Statutory Advertising**

Statutory advertising costs totalling £104 have been incurred and paid in relation to the Joint Administrators' statutory requirement to advertise their appointment.

### **3.3.4 Irrecoverable VAT**

The Company is not VAT registered and therefore any VAT on costs incurred is irrecoverable and is a cost to the Administration estate. Irrecoverable VAT of £20,835 has been paid in the Reporting Period.

### **3.3.5 Trading Expenditure**

As the Company is continuing to trade, various items of trading expenditure totalling £536,517 have been paid during the Reporting Period. The main components of this expenditure are detailed overleaf:

#### Staff Wages

The most significant cost incurred as result of continued trading in staff wages, which total £347,622 during the Reporting Period.

#### Agency Fees

As experienced by many care homes in the industry, a shortage of staff leaves the Company, and the Group as a whole, with the need to use agency staff in order to ensure that sufficient staff levels are maintained on a weekly basis.

Agency fees of £49,704 have been incurred during the Reporting Period.

A detailed breakdown of trading costs is provided at Appendix 3, under the Joint Administrators' Trading Account.

It should be noted that the Receipts and Payments Account does not show accrued costs that have not yet been paid by the Joint Administrators.

## **3.4 Fees and expenses**

The Joint Administrators have detailed the costs incurred during the Reporting Period, whether paid or unpaid, in the schedule of expenses attached at Appendix 4.

Summaries of the most significant expenses which have been incurred in the Reporting Period but have not been paid are provided below:

Significant expenses incurred but not paid		
<b>Joint Administrators' time costs</b>	£147,531	Total time costs incurred in the period is £147,531 (see Appendix 5). See section 6 for further details in relation to the Joint Administrators' fees.
<b>Legal fees – Irwin Mitchell LLP</b>	£70,447	The Company's legal advisors, Irwin Mitchell LLP, have incurred legal fees of £70,477 in dealing with various ad-hoc matters since the appointment of the Joint Administrators. Such costs are representative of the total outstanding balance due across the Group and the Joint Administrators will apportion these costs accordingly. We have included the full amount for prudence.
<b>Management Agent Fees – Cornerstone Care Solutions Limited</b>	£65,000	Costs incurred and not paid in relation to Cornerstone's fees total £65,000.

#### 4. Outcome for Creditors

##### 4.1 Secured Creditors

In consideration for monies advanced under a term loan agreement, the Group granted the Secured Creditor a composite debenture which confers fixed and floating charges over all of the Group's assets. The debenture was created on 29 July 2022 and has been duly registered at Companies House. In addition, the Group granted a composite guarantee which secured all sums due by the Group to the Secured Creditor and associated legal charges were granted over the Group's property-owning entities.

According to the SOA, the outstanding balance due to the Secured Creditor as at the Appointment Date totals c.£17 million. The Joint Administrators understand that interest and charges continue to accrue and will confirm these figures with the Secured Creditor in due course.

It is anticipated that the sale of the Group's assets will allow for the Secured Creditor to be repaid in full across the Group's estates however, the quantum and timing of such is wholly dependent on the length of time required to deliver a sale of the Company or its business and assets.

##### 4.2 Preferential Creditors

The Preferential Creditor claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the BEIS following payment to the employees by the RPS and secondary preferential claims from HMRC which include claims for VAT, PAYE income tax and employee NIC. Secondary preferential claims are paid after the other preferential claims are settled in full. All

employees have been retained by the Joint Administrators and so it is not anticipated that any primary Preferential Creditor claims will be received.

The Joint Administrators are yet to receive a claim from HMRC in respect of their secondary preferential claim. This will be made up of PAYE income tax, employee NIC and student loan deductions only as the Company is not VAT registered.

Based on the information currently available to the Joint Administrators (which is subject to reconciliation of claims received directly from any Preferential Creditors including HMRC), it is expected that there will be insufficient realisations to allow for a distribution to be made to Preferential Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

#### 4.3 Unsecured Creditors

According to the SOA at Appendix 3, Unsecured Creditors total £1,127,168 as at the Appointment Date and can be summarised as follows:

Creditor	£
Trade Creditors	63,740
Accruals	63,470
Net fees paid in advance	23,479
Sundry creditors	696
Attachment of Earnings	727
Net Pension	623
Inter-Company Churchlake Care Ltd	30,000
Inter-Company Churchlake Care Partnership LLP	341,952
Inter-Company Primrose House Ltd	7,523
HMRC – Corporation Tax	156,306
Deferred tax	25,211
SPVC Loan	220,021
White Oak CBILS	193,420
<b>Total</b>	<b>1,127,168</b>

Unsecured claims received to date total £573,013.

Based on the current information available to the Joint Administrators, it is anticipated that there will be insufficient realisations to enable a distribution to the Unsecured Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

#### 4.4 Prescribed part

The Company granted a floating charge to the Secured Creditor on 29 July 2022 and the Prescribed Part provisions will apply.

The net property of the Company, according to the SOA, is uncertain and therefore it is not possible to estimate the value of the Prescribed Part for Unsecured Creditors. Please note, the quantum of any distribution to any class of Creditor is dependent upon the realisations achieved, costs of the Administration and the value of the unsecured claims adjudicated.

Please note that the estimates detailed on the SOA do not affect Creditors' rights to submit a claim.

If not already done so, Creditors of the Company should complete the appropriate proof of debt form and return this to the Joint Administrators with evidence to support your claim at [Churchlakegroup@kroll.com](mailto:Churchlakegroup@kroll.com) or Kroll Advisory Ltd. The Shard, 32 London Bridge Street, London, SE1 9SG.

Creditors should ensure that separate proof of debt forms are completed for each specific Group entity the debt is with.

An update will be provided in the Joint Administrators' next progress report.

## **5. Other matters**

### **5.1 Decision procedure**

The Joint Administrators are seeking the approval of the Secured Creditor to an increase in their fee estimate as the estimate provided with their Proposals has now been exceeded.

Additionally, consent is being sought from the Secured Creditor in relation to a 12-month extension to the Administration, further detail on which is provided in Section 7.

### **5.2 Creditors' Committee**

A Creditors' Committee has not been established in the Administration as no nominations have been received for a committee to be quorate.

### **5.3 Joint Administrators' Receipts and Payments account**

A detailed Receipts and Payments account for the Reporting Period is shown in Appendix 3 together with a cumulative account for the whole of the Administration.

### **5.4 Creditors' rights**

Further information regarding the remuneration and expenses of the Joint Administrators, including Creditors' rights to challenge such costs is provided at Appendix 7.

## **6. Fees, Expenses and Pre-Administration costs**

### **6.1 Fees and expenses**

It is proposed that the Joint Administrators' fee basis is based on time costs, approval of which will be sought from the Secured Creditor.

### **6.1.1 Time costs**

Upon a review of our hourly rates, inflation and industry averages, the hourly charge out rates have been revised to reflect market rates. Rate changes apply to all appointments held by employees of Kroll with effect from 1 March 2023.

Time has been charged in six-minute units. Details of the time charged for the Reporting Period are attached at Appendix 5.

Time costs incurred in the Reporting Period total £147,531, which represents 408 hours at an average hourly rate of £361.

These costs have exceeded the estimate provided in the Joint Administrators' Statement of Proposals and as a result the Joint Administrators are seeking approval of their revised fee estimate.

In accordance with SIP 9, the Joint Administrators have provided further narrative detail of the time costs incurred at Appendix 6.

### **6.1.2 Fees**

No fees have been drawn in the Reporting Period.

### **6.1.3 Expenses**

Expenses are any payments from the Administration which are neither an Administrator's remuneration nor a distribution to a Creditor or Member. Expenses also include disbursements. Disbursements are payments which are first met by the Administrator and then reimbursed to the Administrator from the Administration.

Expenses are divided into those that do not need approval before they are charged to the Administration (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from Creditors in the same manner as the Administrator's remuneration, whether paid directly from the estate or as a disbursement.

The Joint Administrators provided in their Proposals report to Creditors an estimate of expenses for the Administration, totalling £79,187. This was for information purposes only and could possibly change over the course of the Administration.

Appendix 4 details the current update of the expenses estimate.

Appendix 4 also details the expenses incurred and paid for the Reporting Period and the whole of the Administration to date.

In the Reporting Period, Category 1 expenses of £86,933 were incurred of which £15,090 was paid. In the same period, Category 2 expenses incurred totalled £135.

No Category 2 expenses have been paid to date.

#### 6.1.4 Additional information

Also attached at Appendix 6 is a narrative summary of the work carried out to assist Creditors in understanding the progress of the Administration, the associated costs and expenses of the related activities and the financial benefit to Creditors.

Details of how to obtain further information relating to the fees and expenses of the Joint Administrators is set out in Appendix 7.

### 6.2 Pre-Administration costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

Pre-Administration costs	Paid (£)	Unpaid (£)	Total (£)
Kroll Advisory Ltd fees	0.00	1,065	1,065
Legal fees	0.00	41,753	41,753
<b>Total</b>	<b>0.00</b>	<b>42,818</b>	<b>42,818</b>

These expenses remain unpaid and the Joint Administrators are seeking approval from the Secured Creditor to discharge these costs as an expense of the Administration.

It should be noted that the pre-Administration costs of Irwin Mitchell LLP is representative of the total outstanding balance due across the Group and the Joint Administrators will apportion these costs accordingly. We have included the full amount for prudence.

## 7. Future strategy

### 7.1 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the Administration. This will include but not be limited to:

- Identifying a purchaser and completing a sale of the Company's business and/or assets;
- Finalising trading;
- Paying outstanding costs of the Administration;



- Paying a dividend to the Secured Creditor;
- Paying a dividend to the Preferential Creditors (as appropriate) should funds allow; and
- Dealing with other statutory matters and duties including accounting for VAT and completing corporation tax returns.

## 7.2 Extension of the Administration

An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the Creditors' consent.

The Joint Administrators request that the period of Administration be extended by 12 months to 8 November 2024 for the following reasons:


- Realise the assets of the Group in order to maximise the return to Creditors;
- Paying the costs of the Administration; and
- Issuing distributions to Creditors (where applicable).

The Joint Administrators are duly seeking the consent of the Secured Creditor to this extension.

## 7.2 Future reporting

The Joint Administrators will provide a further progress report within one month of 8 November 2023 or earlier if the Administration has been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact Jack Priestley.



**Philip Dakin**  
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Philip Joseph Dakin and Benjamin John Wiles, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

## Appendix 1 – Statutory information

### Company information

<b>Company and trading name</b>	Lakeland Care Services Limited	
<b>Date of incorporation</b>	25 May 2004	
<b>Registered Number</b>	05137535	
<b>Company Directors</b>	Alan Charles Jebson Margarita O'Malley Frederick John Sinclair-Brown	
<b>Company Secretary</b>	Bruce Wallace Associates Limited	
<b>Shareholders</b>	Churchlake Holdings Ltd – 100%	
<b>Trading address</b>	Holmewood Residential Care Home Lamplugh Cockermouth, Cumbria, CA13 0DP  Chichester Hall Care Home Dicktrod, Wigton, Cumbria, CA7 4QZ	
<b>Registered office</b>	<b>Current:</b> Kroll Advisory Ltd. The Shard 32 London Bridge Street London SE1 9SG	<b>Former:</b> Sweeps Ditch 44a Gresham Road Staines-upon-Thames TW18 2AN
<b>Any Other Trading Names</b>	Holmewood Residential Care Home, Chichester Hall Care Home	

### Administration information

<b>Administration Appointment</b>	The Administration appointment granted in The High Court of Justice, Business & Property Courts in England & Wales, 004143 of 2022
<b>Appointor</b>	Secured Creditor
<b>Date of Appointment</b>	9 November 2022
<b>Joint Administrators</b>	Philip Dakin and Benjamin Wiles
<b>Original purpose</b>	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)
<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1

<b>Current Administration expiry date</b>	8 November 2023
<b>Prescribed part</b>	The Prescribed Part is applicable in this case. It has been taken into account when determining the dividend prospects for Unsecured Creditors.
<b>Application of EC Regulations</b>	These proceedings have been defined as the Main Proceedings under Article 3 of the EC Regulations

## **Appendix 2 – Approved Proposals**

### **General**

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's Creditors; and
- Seek an extension to the Administration period if considered necessary.

### **Distributions**

- To make distributions to the Secured and Preferential Creditors where funds allow;
- To make distributions to the Unsecured Creditors from the Prescribed Part, where applicable.
- To make further distributions to the Unsecured Creditors over and above the Prescribed Part, if funds become available and apply to court for authority to do so, where applicable.

### **End of Administration**

That the Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Directors;
- Place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Philip Joseph Dakin and Benjamin John Wiles of Kroll would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The Creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Philip Joseph Dakin and Benjamin John Wiles of Kroll would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to Creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;

- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies if the Joint Administrators consider that Liquidation is not appropriate because (1) the Company has no remaining property which might permit a distribution to its Creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow the Administration to end automatically.

#### **Remuneration and pre-Administration costs**

- That the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- That the Joint Administrators' Fee Estimate provided in the total sum of £191,073, is approved;
- That the Joint Administrators be authorised to pay the following expenses to associates in dealing with the Administration ("Category 2 Expenses"):
  - Mileage allowance payments to staff at the rate of 45p per mile
  - Travel, accommodation and subsistence payments for staff
- That the unpaid pre-Administration costs totalling £42,818, as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as an expense of the Administration.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

#### **Discharge of liability**

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments account with the Registrar of Companies or their appointment otherwise ceasing.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

## Appendix 3 – Receipts and Payments account

### Lakeland Care Services Limited (in Administration) ("the Company")

Joint Administrators' Receipts and Payment Account for the Trading Period

SOA Estimated	For the Reporting Period from 9 November 2022 to 8 May 2023
(£)	(£)
<b>Post Appointment Sales</b>	
Resident's Fees	673,313.29
Petty Cash	(6,497.82)
	<b>666,815.47</b>
<b>Other Direct Costs</b>	
Sub Contractors	450
Direct Labour	347,621.94
	<b>(348,071.94)</b>
<b>Trading Expenditure</b>	
Rents	858.00
Rates	1,297.45
Heat & Light	27,835.89
Telephone	2,304.18
Professional Fees	1,050.00
Residents card allowances	20.00
Lease/HP Payments	19,452.41
Repairs & Maintenance	42,627.37
Sundry Expenses	150.00
Advertising	1,658.30
DBS Checks	797.00
Agency Fees	49,704.17
Food	21,557.30
Ransom Payments	10,195.87
Systems Provider	2,136.66
Entertainment	1,644.98
Payroll Service	1,200.00
Staff Training	3,955.00
	<b>(188,444.58)</b>
<b>Trading Surplus</b>	<b>130,298.95</b>

## Lakeland Care Services Limited (in Administration) ("the Company")

### Joint Administrators' Receipts and Payment Account for the Reporting Period

Statement of Affairs		For the Reporting Period	
Estimated to Realise		from 9 November 2022	
Values		to 8 May 2023	
(£)			(£)
<b>Fixed Charge Assets</b>			
550,000.00	Chichester Hall Care Home		-
1,300,000.00	Holmewood Care Home		-
<b>1,850,000.00</b>			<b>-</b>
<b>Secured Creditors</b>			
(17,014,184.00)	ThinCats Loans Limited		-
<b>(17,014,184.00)</b>			<b>-</b>
<b>Floating Charge Assets</b>			
60,820.11	Prepayments		-
3,286.11	Soldo Cards		-
2,795.43	Motor Vehicles		-
Uncertain	Stock		-
200.00	Pretty Cash		-
139,709.92	Debtors	54,812.31	
51,377.66	Cash at Bank	67,198.36	
221,546.01	Intercompany Cumbria Nursing Services L		-
	Bank Interest Gross	33.43	
	Loan from Primrose House Ltd	76,727.31	
	Trading Surplus/(Deficit)	130,298.95	
	Loan from Crystal Croftdene Ltd	34,000.00	
Uncertain	Intercompany Churchlake Care LLP		-
	Loan from Herrington Mews Ltd	5,731.46	
<b>479,735.24</b>		<b>368,801.82</b>	

#### **Floating Cost of Realisations**

Loan to Eastbourne House Ltd	67,000.00
Loan to Eastgate Manor Ltd	71,000.00
Public Relations Costs	662.50
Loan to Churchlake Care Ltd	58,000.00
Loan to Primrose House Ltd	46,000.00
Legal Fees	1,850.00
Irrecoverable VAT	20,835.00
Stationery & Postage	136.08
Loan to Herrington Mews Ltd	6,000.00
Statutory Advertising	103.50
Management Agent Fees	13,000.00
Loan to Crystal Croftdene Ltd	67,000.00
PAYE & NI	1,561.60
	<b>(353,148.68)</b>

#### **Represented By**

Floating / Main Current Account	15,653.14
<b>Total</b>	<b>15,653.14</b>



## Appendix 4 – Analysis of Expenses Incurred

### Joint Administrators' Expenses: comparison with estimate

Expenses	Original expenses estimate £	Actual expenses incurred in the Reporting Period £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	TBC	70,477	The costs of Irwin Mitchell LLP is representative of the total outstanding balance due across the Group and the Joint Administrators will apportion these costs accordingly. We have included the full amount for prudence.
Selling Agents	TBC	Nil	
Home Management	78,000	13,000	
Statutory Advertising	207	104	
Mailing	250	136	
Insurance of assets	TBC	Nil	
Bonding	225	225	
Mileage (own car usage)	230	135	
Lodging & Subsistence	275	241	
<b>TOTAL</b>	<b>79,187</b>	<b>84,318</b>	

### Notes

The above costs exclude VAT

## Joint Administrators' Expenses: Category 1 and Category 2

Category 1 Trading Expenses			Current period		Cumulative period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Wayne Ramsey	Sub Contractors	Fixed cost	450	450	450	450
Staff Wages	Staff Wages	Time cost	347,622	347,622	347,622	347,622
Churchlake NE Hold Co Limited – In Administration	Rent	Fixed cost	858	858	858	858
Allerdale Borough Council	Rates	Pre Unit	1,297	1,297	1,297	1,297
AvantiGas ON Ltd	Heat & Light	Pre Unit	27	27	27	27
Reheat (Renewable Technologies) Ltd	Heat & Light	Pre Unit	22,439	22,439	22,439	22,439
British Gas	Heat & Light	Pre Unit	5,372	5,372	5,372	5,372
Altodigital Networks Limited	Telephone	Fixed cost	612	612	612	612
British Telecommunications	Telephone	Fixed cost	1,046	1,046	1,046	1,046
Yo Network Services Ltd	Telephone	Fixed cost	646	646	646	646
Holme Valley Accountancy Ltd	Professional Fees	Fixed cost	1,000	1,000	1,000	1,000
CCI Credit Management Ltd	Professional Fees	Percentage of Realisations	50	50	50	50
Altodigital Networks Limited	Lease/HP Payments	Fixed cost	309	309	309	309
Kenneth Equipment Leasing Ltd	Lease/HP Payments	Fixed cost	3,720	3,720	3,720	3,720
Peac UK Ltd	Lease/HP Payments	Fixed cost	565	565	565	565
White Oak UK	Lease/HP Payments	Fixed cost	7,107	7,107	7,107	7,107
Xerox Finance Limited	Lease/HP Payments	Fixed cost	7,752	7,752	7,752	7,752
ABM Trade (UK) Ltd	Repairs & Maintenance	Fixed cost	3,203	3,203	3,203	3,203
Bob Lancaster & Son Limited	Repairs & Maintenance	Fixed cost	120	120	120	120
Border Food Machinery Ltd	Repairs & Maintenance	Fixed cost	978	978	978	978
Castle Alarms	Repairs & Maintenance	Fixed cost	380	380	380	380
CTS Statutory Inspections Ltd	Repairs & Maintenance	Fixed cost	332	332	332	332
Cumbria Pro Fit	Repairs & Maintenance	Fixed cost	1,790	1,790	1,790	1,790
Derwent Recycling Services Ltd	Repairs & Maintenance	Fixed cost	280	280	280	280
DFP Services Ltd	Repairs & Maintenance	Fixed cost	8,682	8,682	8,682	8,682
Eddie Shimmings Ltd	Repairs & Maintenance	Fixed cost	3,714	3,714	3,714	3,714

Elliot & Black Ltd	Repairs & Maintenance	Fixed cost	1,240	1,240	1,240	1,240
FISC Health Care Ltd	Repairs & Maintenance	Fixed cost	7,218	7,218	7,218	7,218
GN Systems Limited	Repairs & Maintenance	Fixed cost	133	133	133	133
JLA Limited	Repairs & Maintenance	Fixed cost	390	390	390	390
JT Atkinson & Sons Ltd	Repairs & Maintenance	Fixed cost	35	35	35	35
Lancs & Cumbria Lifts UK Ltd	Repairs & Maintenance	Fixed cost	5,781	5,781	5,781	5,781
Leslie Cleeland Limited	Repairs & Maintenance	Fixed cost	739	739	739	739
Logic Plumbing Heating & Electrical	Repairs & Maintenance	Fixed cost	1,655	1,655	1,655	1,655
Mr D McGrady	Repairs & Maintenance	Fixed cost	1,390	1,390	1,390	1,390
MW Legionella Compliance Ltd	Repairs & Maintenance	Fixed cost	1,198	1,198	1,198	1,198
Nant Ltd	Repairs & Maintenance	Fixed cost	330	330	330	330
North East Fire Protection Ltd	Repairs & Maintenance	Fixed cost	800	800	800	800
PHS Group	Repairs & Maintenance	Fixed cost	127	127	127	127
PL Healthcare	Repairs & Maintenance	Fixed cost	179	179	179	179
Rentokil Initial	Repairs & Maintenance	Fixed cost	928	928	928	928
Richard McCulloch	Repairs & Maintenance	Fixed cost	800	800	800	800
Waste Managed Limited	Repairs & Maintenance	Fixed cost	206	206	206	206
Lesley Pammenton	Sundry Expenses	Fixed cost	150	150	150	150
Atumna Limited	Advertising	Fixed cost	58	58	58	58
Justelle Marketing & Media Ltd	Advertising	Fixed cost	1,600	1,600	1,600	1,600
RCPA Ltd	DBS Checks	Fixed cost	797	797	797	797
Aceso Healthcare Recruitment Ltd	Agency Fees	Time cost	41,138	41,138	41,138	41,138
AWOL Recruitment Ltd	Agency Fees	Time cost	2,450	2,450	2,450	2,450
Fit2Work Ltd	Agency Fees	Time cost	251	251	251	251
ICare24 Limited	Agency Fees	Time cost	14,599	14,599	14,599	14,599
Randstad Solutions Ltd	Agency Fees	Time cost	1,481	1,481	1,481	1,481
AquaAid Franchising Ltd	Food	Fixed cost	882	882	882	882
BFS Group Ltd	Food	Fixed cost	4,872	4,872	4,872	4,872
David Taylor	Food	Fixed cost	1,628	1,628	1,628	1,628
Gilcrux Springs Trout Farm	Food	Fixed cost	937	937	937	937
PFD (Carlisle) Ltd	Food	Fixed cost	7,274	7,274	7,274	7,274
Pioneer Food Services	Food	Fixed cost	1,755	1,755	1,755	1,755
Tony Harrison	Food	Fixed cost	1,374	1,374	1,374	1,374
Watson Dairies Ltd	Food	Fixed cost	2,236	2,236	2,236	2,236
SKS Ramon Lee Ltd	Payroll Services	Fixed cost	1,800	1,800	1,800	1,800
CoolCare Ltd	Systems Providers	Fixed cost	678	678	678	678
Person Centred Software Ltd	Systems Providers	Fixed cost	1,458	1,458	1,458	1,458

Brighter Day Products	Entertainment	Fixed cost	70	70	70	70
John Slattery	Entertainment	Fixed cost	225	225	225	225
Memory Lane	Entertainment	Fixed cost	330	330	330	330
Mr James E Edge	Entertainment	Fixed cost	180	180	180	180
Music for Health	Entertainment	Fixed cost	180	180	180	180
Shirley Rodney	Entertainment	Fixed cost	660	660	660	660
Beacon Fire Protection Ltd	Staff Training	Fixed cost	900	900	900	900
FMC Training Services	Staff Training	Fixed cost	1,110	1,110	1,110	1,110
Marr Corporation Ltd	Staff Training	Fixed cost	130	130	130	130
Tidal Training Ltd	Staff Training	Fixed cost	545	545	545	545
VR4 Health and Care	Staff Training	Fixed cost	1,270	1,270	1,270	1,270
<b>Total</b>			<b>536,581</b>	<b>536,581</b>	<b>536,581</b>	<b>536,581</b>

Category 1 Expenses			Current period		Cumulative period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Irwin Mitchell LLP	Legal fees and disbursements	Time costs	70,477	0	70,477	0
TLT LLP	Legal fees in respect of validity of the appointment	Time costs	1,850	1,850	1,850	1,850
Accurate Mailing Services	Mailing agent	Fixed Fee	136	136	136	136
Courts Advertising	Statutory Advertising	Fixed Fee	104	104	104	104
AON	Statutory bond premium	Fixed fee	225	0	225	0
Cornerstone Care Solutions	Management Agents	Fixed fee	13,000	13,000	13,000	13,000
Kroll	Reimbursement of hotel accommodation expenses for staff on site whilst trading	Fixed fee	241	0	241	0
<b>Total</b>			<b>86,033</b>	<b>15,090</b>	<b>86,033</b>	<b>15,090</b>

Category 2 Expenses			Current period		Cumulative period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Kroll	Staff mileage to site whilst trading	45p per mile	135	0	135	0
<b>Total</b>			<b>135</b>	<b>0</b>	<b>135</b>	<b>0</b>

## Notes

The above costs exclude VAT

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

Kroll Advisory Ltd, being the employer of the Joint Administrators and the staff working on the Administration, is considered an associate of the Administrators.

## Appendix 5 – Analysis of time charged

### Joint Administrators' Fees

Refer to the table below for a detailed breakdown on the Joint Administrators' time and cost summary in accordance with SIP 9

#### Lakeland Care Services Limited (In Administration)

##### Analysis of the Joint Administrators' time costs from the Appointment Date to 8 May 2023

	Managing Director	Manager	Senior	Assistant	Hours Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
<b>Administration and Planning</b>								
Case Review & Case Diary Management	0.00	0.70	3.20	4.30	0.00	8.20	1,996.47	243.47
Cashiering & Accounting	0.00	35.25	7.40	53.00	0.00	95.65	30,061.50	314.29
Dealings with Directors and Management	0.00	0.10	1.35	0.50	0.00	1.95	279.48	143.32
IPS Set up & Maintenance	0.00	0.00	0.00	0.75	0.00	0.75	76.47	101.96
Insurance	0.00	2.30	0.00	0.00	0.00	2.30	897.00	390.00
Statement of Affairs	0.00	0.00	0.20	0.75	0.00	0.95	117.90	124.11
Statutory Matters (Meetings, Reports & Notices)	1.00	8.80	11.10	15.50	0.00	36.40	12,295.74	337.80
Strategy, Planning & Control	0.00	5.55	7.30	5.90	0.00	18.75	6,164.96	328.80
	1.00	52.70	30.55	80.70	0.00	164.95	51,889.52	
<b>Creditors</b>								
Dealings with creditors and employees	0.00	3.60	4.65	3.65	0.00	11.90	4,093.43	343.99
Non Pref Creditors / Employee claims	0.00	0.00	0.00	1.75	0.00	1.75	121.09	69.19
Secured Creditors	0.70	0.50	0.10	0.30	0.00	1.60	811.48	507.18
	0.70	4.10	4.75	5.70	0.00	15.25	5,026.00	
<b>Investigations</b>								
CDDA & reports & Communication	0.50	1.65	3.70	7.95	0.00	13.80	4,133.00	299.49
Financial review and investigations (S238/239 etc)	0.00	0.00	0.50	0.60	0.00	1.10	235.97	214.52
	0.50	1.65	4.20	8.55	0.00	14.90	4,368.97	
<b>Realisation of Assets</b>								
Book Debts	0.00	0.45	0.00	0.00	0.00	0.45	205.25	456.11
Sale of business	0.35	7.15	0.00	0.00	0.00	7.50	4,219.00	562.53
	0.35	7.60	0.00	0.00	0.00	7.95	4,424.25	
<b>Trading</b>								
Trading - Accounting	2.10	47.95	0.00	8.80	0.00	58.85	26,878.75	456.73
Trading - Employees	0.00	2.75	3.20	0.00	0.00	5.95	2,429.00	408.24
Trading - Insurance	0.00	0.35	0.00	0.00	0.00	0.35	136.50	390.00
Trading - Operations	2.00	47.75	16.70	73.70	0.00	140.15	52,378.00	373.73
	4.10	98.80	19.90	82.50	0.00	205.30	81,822.25	
<b>Total Hours:</b>	<b>6.65</b>	<b>164.85</b>	<b>59.40</b>	<b>177.45</b>	<b>0.00</b>	<b>408.35</b>		<b>361.29</b>
<b>Total Fees Claimed (£):</b>	<b>5,082.00</b>	<b>81,126.00</b>	<b>18,646.51</b>	<b>42,676.48</b>	<b>0.00</b>		<b>147,530.99</b>	

## Appendix 6 – Narrative of work carried out for the period to 8 May 2023

The key areas of work have been:

### SIP 9 narrative for the period 9 November 2022 to 8 May 2023

Administration and planning	<ul style="list-style-type: none"><li>• Monitoring and reviewing the Administration strategy;</li><li>• Briefing staff on the Administration strategy and matters in relation to workstreams;</li><li>• Regular case management and reviewing of process including regular team update meetings and calls;</li><li>• Meeting with management to review and update strategy and monitor progress;</li><li>• Reviewing and authorising junior staff correspondence and other work;</li><li>• Dealing with queries arising during the appointment;</li><li>• Reviewing matters affecting the outcome of the Administration;</li><li>• Allocating and managing staff/ case resourcing and budgeting exercises and reviews;</li><li>• Liaising with legal advisors regarding various instructions, including agreeing content of engagement letters; and</li><li>• Complying with internal filing and information recording practices, including documenting strategy decisions.</li></ul>
Creditors	<ul style="list-style-type: none"><li>• Updating the list of Unsecured Creditors;</li><li>• Responding to enquiries from Creditors regarding the Administration and submission of their claims;</li><li>• Reviewing completed forms submitted by Creditors, recording claim amounts and maintaining claim records; and</li><li>• Drafting progress statutory progress reports; and</li><li>• Providing written and oral updates to the Secured Creditor regarding the progress of the Administration and cases strategy.</li></ul>
Investigations	<ul style="list-style-type: none"><li>• Managing and reviewing the Company books and records;</li><li>• Investigating the affairs of the Company to identify any actions available to the Company against third parties in respect of antecedent transactions or other litigation;</li><li>• Obtaining records from third parties;</li><li>• Enquiring with counterparties who has raised disputes against the Company;</li><li>• Reviewing pre-appointment transactions; and</li><li>• Documenting investigations.</li></ul>
Statutory and compliance	<ul style="list-style-type: none"><li>• Ensuring compliance with all statutory obligations within the relevant timescales;</li><li>• Uploading information to the Creditors' Portal;</li></ul>

	<ul style="list-style-type: none"><li>• Drafting and publishing progress reports;</li><li>• Running decision procedures;</li><li>• Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9;</li><li>• Monitoring the fees estimate; and</li><li>• Monitoring the expenses estimate.</li></ul>
Cashiering	<ul style="list-style-type: none"><li>• Preparing statutory receipts and payments accounts; and</li><li>• Renewing bonding and complying with statutory requirements;</li></ul>
Asset realisations	<ul style="list-style-type: none"><li>• Collating information from the Company's records regarding assets,;</li><li>• Liaising with finance companies in respect of assets subject to finance agreements;</li><li>• Liaising with agents regarding the sale of assets;</li><li>• Reviewing outstanding debtors and management of debt collection strategy;</li><li>• Liaising with third parties regarding costs incurred;</li><li>• Reviewing and agreeing invoices;</li><li>• Reviewing costs incurred to ensure recorded accurately; and</li><li>• Arranging payments to agents and solicitors in a timely manner.</li></ul>
Trading	<ul style="list-style-type: none"><li>• Attend weekly meetings with the Senior Operations Team and Cornerstone;</li><li>• Attend weekly meetings with the finance team;</li><li>• Review and analyse monthly management information;</li><li>• Attending to supplier and customer queries and correspondence;</li><li>• Reviewing invoices to ensure they correspond with the relevant purchase orders;</li><li>• Raising payments to suppliers in respect of Administration costs; and</li><li>• Contacting all suppliers to obtain final invoices for the trading period.</li></ul>
Tax	<ul style="list-style-type: none"><li>• Analysing and considering the tax effects of asset sales;</li><li>• Working on tax returns relating to the periods affected by the Administrator;</li><li>• Analysing VAT related transactions; reviewing the Company's duty position to ensure compliance with duty requirements; and</li><li>• Dealing with post appointment tax compliance.</li></ul>



## **Appendix 7 – Statement of Creditors' rights**

*Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)*

*Section or paragraph numbers refer to Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Jack Priestley at [Jack.Priestley@kroll.com](mailto:Jack.Priestley@kroll.com).

### **Information for Creditors on remuneration and expenses of Administrators**

Information regarding the fees and expenses of Administrators, including details of Kroll's expense policy and hourly charge out rates for each grade of staff that may undertake work on this case, can be viewed and downloaded from the Kroll website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Click on the document - Creditor Guides (amended for changes introduced by the Insolvency (England & Wales) Rules 2016 from 6 April 2017) – Administrations.

Should you require a copy (at no cost), please contact this office.

### **Creditors' requests for further information**

If you would like to request more information about the Joint Administrators' remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from Unsecured Creditors must be made with the concurrence of at least 5% in value of Unsecured Creditors (including, the Unsecured Creditor making the request) or with the permission of the Court.

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications are by Unsecured Creditors (including the Unsecured Creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Jack Priestley at [jack.priestley@kroll.com](mailto:jack.priestley@kroll.com).

## Appendix 8 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	9 November 2022, being the date of appointment of the Joint Administrators
BEIS	Department for Business, Energy & Industrial Strategy
Category 1 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to persons providing the service to which the expense relates and who are not an associate of the Administrator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to associates or where there is an element of shared costs. Such expenses require approval by Creditors before payment
Churchlake Care	Churchlake Care Limited (in Administration) (Company Number: 10183329)
Churchlake NE	Churchlake NE Hold Co Limited (in Administration) (Company Number: 14216678)
Church Lake	Church Lake Limited (in Administration) (Company Number: 10830656)
the Company / the Homes	Lakeland Care Services Limited (in Administration) (Company Number: 05137535), Holmewood Residential Home, Lamplugh Road, Cockermouth, CA13 0DP & Chichester Hall, Dick Trod Lane, Skinburness, Wigton CA7 4QZ
Cornerstone	Cornerstone Care Solutions Limited, specialist clinical care operator instructed by the Joint Administrators to assist with the operation of the Company's care homes
CQC	Care Quality Commission: the independent regulator of health and social care in England
Crystal Croftdene	Crystal Croftdene Limited (in Administration) (Company Number: 10871470)
Cumbria Nursing Services	Cumbria Nursing Services Limited (in Administration) (Company Number: 02283239)
the Directors	Alan Jebson, Margarita O'Malley and Frederick Sinclair-Brown, the directors of the Company

Word or Phrase	Definition
EC Regulation	EC Regulation on Insolvency Proceedings 2000
Eastbourne House	Eastbourne House Limited (in Administration) (Company Number: 09565812)
Eastgate Manor	Eastgate Manor Limited (in Administration) (Company Number: 11116882)
the Group	Churchlake Holdings, Churchlake Care, Lakeland Care Services, Church Lake, Lakeland Care Group, Cumbria Nursing Services, Churchlake NE, Herrington Mews, Eastbourne House, Eastgate Manor, Primrose House and Crystal Croftdene
Herrington Mews / the Mews	Herrington Mews Limited (in Administration) (Company Number: 09565858)
HMRC	HM Revenue and Customs
Kroll	Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London SE1 9SG
the Joint Administrators	Philip Joseph Dakin and Benjamin John Wiles of Kroll Advisory Ltd, The Shard, 32 London Bridge Street, London, SE1 9SG
Lakeland Care Group	Lakeland Care Group Limited (in Administration) (Company Number: 06393775)
Preferential Creditor/s	A Creditor with a claim that ranks in priority to other Unsecured Creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full.
the Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors
Primrose House	Primrose House Ltd (In Administration) (Company Number: 09559192)
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)

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Word or Phrase	Definition
the Secured Creditor	TC Loans Limited, the holder of a fixed and floating charge over the Company's assets
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses

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## **Appendix 9 – Notice about this report**

This report has been prepared by Philip Joseph Dakin and Benjamin John Wiles, the Joint Administrators of the Company, solely to comply with their statutory duty to report to Creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

Any estimated outcomes for Creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for Creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Philip Joseph Dakin and Benjamin John Wiles are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Kroll Advisory Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Progress Report or the conduct of the Administration.