



For further information, please
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www.gov.uk/companieshouse

1 Company details

Company number 0 5 1 3 7 5 3 5

Company name in full Lakeland Care Services Ltd

→ 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 c/o 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 c/o 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	d	0	d	9	m	0	m	5	y	2	y	0	y	2	y	3
To date	d	0	d	8	m	1	m	1	y	2	y	0	y	2	y	3

7 Progress report

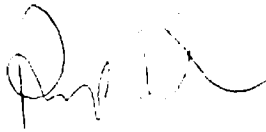
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d	0	d	6	m	1	m	2	y	2	y	0	y	2	y	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

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

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

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Progress Report to Creditors

6 December 2023

Lakeland Care Services Limited (In Administration)

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

As detailed in the Previous Progress Report, the outstanding balance due to the Secured Creditor as at the Appointment Date totalled 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's capital exposure 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 Date 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

As detailed in the Previous Progress Report, based on current estimates, 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 Reporting Period. The Joint Administrators' Statement of Proposals are available to view at www.ips-docs.com and paper copies can be provided free of charge by writing to Jack Priestley at 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.

The Company is part of the wider Group and the Joint Administrators were appointed over a further 11 entities across the Group, one of which was dormant and the administration closed before the first anniversary.

As previously reported, the Company was incorporated on 25 May 2004 and operates two care homes in Cumbria, Chichester Hall Care Home and Holmewood Residential Care Home. These homes continue to operate under the supervision of the Joint Administrators whilst a purchaser for the Company and/or its business and assets is sought.

3.1 Strategy and progress to date

3.1.1 Trading

As previously reported, it was decided to continue to trade the Group as it was in the best interests of all stakeholders to maximise realisable value via a going-concern sale and also minimise 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 Company's staff to provide that care.

The current CQC rating for Holmewood is "Requires Improvement". The CQC undertook an inspection of this service in July/August 2023. In October 2023, the CQC issued their draft inspection report and, following due process, we have responded with our comments on the factual accuracy. At the time of writing, the final CQC inspection report is awaited.

The current CQC rating for Chichester is "Good". On 6 July 2023, the CQC reviewed the information and data available to them and found no reason reassess the rating.

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

As detailed in the Previous Progress Report, the Joint Administrators instructed Colliers as their selling agents to seek a sale of the Company and/or its business and assets alongside all the other companies within the Group on a going-concern basis.

During the Reporting Period, several parties came forward with an expression of interest and the Joint Administrators liaised with the Operations team and Cornerstone to facilitate site visits for potential purchasers.

In conjunction with Colliers, the Joint Administrators have entered into detailed negotiations with parties who have expressed an interest in purchasing the three homes which are based in Cumbria, of which two fall under the control of the Company. We continue to liaise with these interested parties to provide all relevant information in order to facilitate a sale.

In order not to prejudice any future sale, no further information can be disclosed at this time in respect of any value that may be generated from the sale. A further update will be provided in future progress reports to Creditors.

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.

During the Reporting Period, £4,214 has been realised from the Company's debtors. This takes total realisations in this matter to £59,101.

3.2.3 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.

3.2.4 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.

During the Reporting Period, £747,557 has been collected in respect of residents' fees and a total of £1,420,796 has been received in the Cumulative Period.

3.2.5 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 have a statutory obligation to file a report with DBT 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 DBT regarding the conduct of the Directors of the Company.

As such there are no outstanding lines of enquiry or concerns relating to the Company that will be followed up by the Joint Administrators.

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 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 Managers and reported to the Joint Administrators on a regular basis with updates as to the Homes' performance.

During the Reporting Period, fees of £45,188 have been paid to Cornerstone in respect of their services outlined above.

3.3.2 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 £42,845 has been paid in the Reporting Period.

3.3.3 Trading Expenditure

As the Company is continuing to trade, various items of trading expenditure totalling £808,033 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 £391,144 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 £168,430 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

Joint Administrators' time costs	£283,549	Total time costs incurred in the Cumulative period is £283,549 (see Appendix 5) and no fees have been drawn against during the Reporting Period. See section 6 for further details in relation to the Joint Administrators' fees.
Legal fees – Irwin Mitchell LLP	£1,132	The Company's legal advisors, Irwin Mitchell LLP, have incurred legal fees of £1,132 in dealing with various ad-hoc matters since the appointment of the Joint Administrators.

Management Agent Fees – Cornerstone Care Solutions Limited	£10,638	Costs incurred and not paid during the Reporting Period in relation to Cornerstone's fees total £10,638.
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4. Outcome for Creditors

4.1 Secured Creditors

As reported previously, the Group granted the Secured Creditor a composite debenture which conferred fixed and floating charges over all of the Group's assets.

The debenture was created on 29 July 2022 and was duly registered on 3 August 2023 at Companies House. The Group also 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.

As at the date of appointment, the Groups total indebtedness to the Secured Creditor totalled c.£17 million which is subject to accruing interest and charges.

No distribution to the Secured Creditor has been made from the Group, however it is anticipated that the sale of the Group's assets will allow for the Secured Creditor's capital exposure to be repaid in full across the Group's estates. 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 DBT following payment to the employees by the RPS.

All employees were retained on the appointment of the Joint Administrators and, as a result, it is not expected that any Primary Preferential Creditor claims will be received.

Secondary preferential claims are made up of VAT, PAYE income tax and employee NIC. Secondary preferential claims are paid after the other preferential claims are settled in full.

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

Please note that based on information 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
Total	1,127,168

Unsecured claims received to date total £664,198.

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 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

No decision procedure is being sought as part of this Progress Report.

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 £145,952, which represents 353 hours at an average hourly rate of £413. Time costs incurred in the Cumulative Period total £293,914, which represents 762 hours at an average hourly rate of £386.

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

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

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 Expenses 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 £69,122 were incurred of which £55,663 has been paid. In the same period, no Category 2 Expenses have been incurred.

For the Cumulative Period, Category 1 Expenses incurred totalled £166,838 and a total of £71,416 have been paid. Category 2 Expenses of £135 incurred for the same period have not been paid.

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	1,065	1,065
Legal fees	0	41,753	41,753
Total	0	42,818	42,818

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 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.

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.

On 7 August 2023, the Secured Creditor approved that the period of the Administration be extended by 12 months to 8 November 2024.

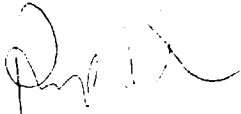
A notice of the extension has been made available for viewing and downloading from the Portal.

If you would prefer to be sent a paper copy, please contact Jack Priestley of this office.

7.2 Future reporting

The Joint Administrators will provide a further progress report within one month of 8 May 2024 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 Dakin and Benjamin 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

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

Administration information

Administration Appointment	The Administration appointment granted in The High Court of Justice, Business & Property Courts in England & Wales, 004143 of 2022
Appointor	Secured Creditor
Date of Appointment	9 November 2022
Joint Administrators	Philip Dakin and Benjamin Wiles
Original purpose	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)
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
Current Administration expiry date	8 November 2024
Prescribed Part	The Prescribed Part is applicable in this case. It has been taken into account when determining the dividend prospects for Unsecured Creditors.
Application of EC Regulations	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 Dakin and Benjamin 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 Dakin and Benjamin 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 May 2023 to 8 November 2023	For the Reporting Period from 9 November 2022 to 8 November 2023
(£)	(£)	(£)
Post Appointment Sales		
Resident's Fees	747,557.17	1,420,795.86
Petty Cash	(13,285.00)	(19,782.82)
	734,272.17	1,401,013.04
Other Direct Costs		
Sub Contractors	-	450.00
Direct Labour	391,144.20	738,766.14
Employee Expenses	20,893.12	20,893.12
	(412,037.32)	(760,109.26)
Trading Expenditure		
Care Quality Commission	1,664.49	1,664.49
Rents	-	858.00
Rates	2,358.89	3,656.34
Heat & Light	21,673.12	49,509.01
Amazon Account	9,580.37	9,580.37
Telephone	8,553.74	10,857.92
Pension Contributions	24,627.59	24,627.59
IT Costs	222.52	222.52
Professional Fees	2,950.00	4,000.00
Residents card allowances	-	20.00
Lease/HP Payments	-	19,452.41
Hire of Equipment	8,201.55	8,201.55
Repairs & Maintenance	98,504.86	141,132.23
Sundry Expenses	-	150.00
Carriage	850.00	850.00
Advertising	2,530.00	4,188.30
DBS Checks	1,407.00	2,204.00
Risk Assessments	1,480.29	1,480.29
Agency Fees	168,430.28	218,134.45
Food	31,603.44	53,160.74
Ransom Payments	-	10,195.87
Systems Provider	1,905.56	4,042.22
Entertainment	2,800.00	4,444.98
Payroll Service	300.00	1,500.00
Staff Training	6,352.10	10,307.10
	(395,995.80)	(584,440.38)
Trading Surplus	(73,760.95)	56,463.40

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

Joint Administrators' Receipts and Payment Account for the Reporting Period

Statement of Affairs Estimated to Realise Values (£)		For the Reporting Period	For the Cumulative Period
		from 9 May 2023	from 9 November 2022
		to 8 November 2023	to 8 November 2023
		(£)	(£)
	Fixed Charge Assets		
550,000.00	Chichester Hall Care Home	-	-
1,300,000.00	Holmewood Care Home	-	-
1,850,000.00		-	-
	Secured Creditors		
(17,014,184.00)	ThinCats Loans Limited	-	-
(17,014,184.00)		-	-
	Floating Charge Assets		
60,820.11	Prepayments	-	-
3,286.11	Soldo Cards	-	-
2,795.43	Motor Vehicles	-	-
Uncertain	Stock	-	-
200.00	Pretty Cash	-	-
139,709.92	Debtors	4,214.29	59,101.20
51,377.66	Cash at Bank		67,198.36
221,546.01	Intercompany Cumbria Nursing Services L	-	-
Uncertain	Intercompany Churchlake Care LLP	-	-
	Bank Interest Gross	181.98	215.41
	Loan from Primrose House Ltd	-	76,727.31
	Loan from Crystal Croftdene Ltd	149,000.00	183,000.00
	Loan from Herrington Mews Ltd	55,500.00	61,231.46
	Loan from Eastbourne House Limited	16,000.00	16,000.00
	Loan from Cumbria Nursing Services Limi	25,000.00	25,000.00
	Trading Surplus/(Deficit)	(73,760.96)	54,901.79
479,735.24		176,135.31	543,375.53
	Floating Cost of Realisations		
	Debt Collection Costs	10,474.62	10,474.62
	Public Relations Costs	-	662.50
	Legal Fees	-	1,850.00
	Irrecoverable VAT	42,844.64	63,679.64
	Stationery & Postage	-	136.08
	Statutory Advertising	-	103.50
	Management Agent Fees	45,187.65	58,187.65
	Loan to Herrington Mews Ltd	-	6,000.00
	Loan to Crystal Croftdene Ltd	-	67,000.00
	Loan to Eastbourne House Ltd	-	67,000.00
	Loan to Eastgate Manor Ltd	-	71,000.00
	Loan to Churchlake Care Ltd	32,000.00	90,000.00
	Loan to Primrose House Ltd	-	46,000.00
#REF!		(130,506.91)	(482,093.99)
	Represented By		
	Floating / Main Current Account	45,628.40	61,281.54
	Total	45,628.40	61,281.54

Appendix 4 – Analysis of Expenses Incurred

Joint Administrators' Expenses: comparison with estimate

Expenses	Original expenses estimate £	Actual expenses incurred in the reporting period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	TBC	512	1,132	Irwin Mitchell's split of costs across the Churchlake Group are indicative only and subject to change. Work across the administrations of the various Churchlake Group entities is ongoing and a final apportionment of costs incurred by Irwin Mitchell in respect of each entity will be provided on conclusion of each administration.
Selling Agents	TBC	-	-	
Home Management	78,000	34,406	151,898	
Statutory Advertising	207	-	104	
Mailing	250	-	136	
Insurance of assets	TBC	-	-	
Bonding	225	-	225	
Mileage (own car usage)	230	-	135	
Lodging & Subsistence	275	-	241	
TOTAL	79,187	34,918	153,871	

Notes

The above costs exclude VAT.

Joint Administrators' Expenses: Category 1 and Category 2

Category 1 Expenses			Reporting Period		Cumulative Period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Accurate Mailing Services	Mailing agent	Fixed Fee	NIL	NIL	136	136
AON	Statutory bond premium	Fixed fee	NIL	NIL	225	NIL
CCI Credit Management Limited	Debt collection agent fees	% realisations	10,475	10,475	10,475	10,475
Cornerstone Care Solutions	Management Agents	Fixed fee	57,923	45,188	151,898	58,188
Courts Advertising	Statutory Advertising	Fixed Fee	NIL	NIL	104	104
Irwin Mitchell LLP	Legal fees and disbursements	Time costs	512	NIL	1,246	NIL
Kroll	Reimbursement of hotel accommodation expenses for staff on site whilst trading	Fixed fee	241	NIL	241	NIL
TLT LLP	Legal fees in respect of validity of the appointment	Time costs	NIL	NIL	1,850	1,850
Cicero Consulting Limited	Public Relations Costs	Time costs	Nil	Nil	663	663
Total			69,151	55,663	166,838	71,416

Category 2 Expenses			Reporting Period		Cumulative Period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Kroll	Staff mileage to site whilst trading	45p per mile	NIL	NIL	135	NIL
Total			NIL	NIL	135	NIL

Notes

The above costs exclude pre-Administration costs, trading expenses, intercompany loan transactions and 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 9 May 2023 to 8 November 2023

	Managing Director	Manager	Senior	Assistant	Hours Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
Administration and Planning								
Case Review & Case Diary Management	0.00	0.20	2.10	0.40	0.00	2.70	974.00	360.74
Cashiering & Accounting	0.00	36.50	0.00	43.00	0.00	79.50	29,184.00	367.09
IPS Set up & Maintenance	0.00	0.00	0.00	0.45	0.00	0.45	81.00	180.00
Insurance	0.00	0.20	0.00	0.00	0.00	0.20	96.00	480.00
Statutory Matters (Meetings, Reports & Notices)	0.50	7.25	2.90	14.80	0.00	25.45	10,355.25	406.89
Strategy, Planning & Control	0.10	1.90	5.70	0.00	0.00	7.70	3,598.50	467.34
Tax Compliance / Planning	0.00	0.20	0.00	0.00	0.00	0.20	110.00	550.00
	0.60	46.25	10.70	58.65	0.00	116.00	44,398.75	
Creditors								
Dealings with creditors and employees	0.00	0.00	0.30	0.00	0.00	0.30	120.00	400.00
Secured Creditors	0.15	0.60	0.00	0.00	0.00	0.75	537.75	717.00
	0.15	0.60	0.30	0.00	0.00	1.05	657.75	
Realisation of Assets								
Book Debts	0.00	0.30	3.90	0.00	0.00	4.20	1,747.50	416.07
Freehold and Leasehold Property	0.00	2.40	0.00	0.00	0.00	2.40	1,500.00	625.00
Sale of business	1.30	13.10	0.00	0.00	0.00	14.40	10,010.50	695.17
	1.30	15.80	3.90	0.00	0.00	21.00	13,258.00	
Trading								
Trading - Accounting	0.00	41.50	0.00	14.45	0.00	55.95	26,526.50	474.11
Trading - Employees	0.00	0.00	2.30	0.00	0.00	2.30	920.00	400.00
Trading - Operations	2.40	32.15	15.50	106.70	0.00	156.75	60,191.75	384.00
	2.40	73.65	17.80	121.15	0.00	215.00	87,638.25	
Total Hours:	4.45	136.30	32.70	179.80	0.00	353.05		413.40
Total Fees Claimed (£):	3,493.25	77,452.00	13,032.00	51,974.50	0.00		145,951.75	

Lakeland Care Services Limited (In Administration)

Analysis of the Joint Administrators' time costs from 9 November 2023 to 8 November 2023

	Managing Director	Manager	Senior	Assistant	Hours Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
Administration and Planning								
Case Review & Case Diary Management	0.00	0.90	5.30	4.70	0.00	10.90	2,970.47	272.52
Cashiering & Accounting	0.00	71.75	7.40	96.00	0.00	175.15	59,245.50	338.26
Dealings w/ 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	1.20	0.00	1.20	157.47	131.23
Insurance	0.00	2.50	0.00	0.00	0.00	2.50	992.00	396.80
Statement of Affairs	0.00	0.00	0.20	0.75	0.00	0.95	117.90	124.11
Statutory Matters (Meetings, Reports & Notices)	1.50	16.05	14.00	30.30	0.00	61.85	22,650.99	366.22
Strategy, Planning & Control	0.30	7.45	13.00	5.90	0.00	26.65	9,920.46	372.25
Tax Compliance / Planning	0.00	0.20	0.00	0.00	0.00	0.20	110.00	550.00
	1.80	98.95	41.25	139.35	0.00	281.15	96,444.27	
Creditors								
Dealings with creditors and employees	0.00	3.60	4.95	3.65	0.00	12.20	4,213.43	345.36
Non Pref Creditors / Employee claims handling	0.00	0.00	0.00	1.75	0.00	1.75	121.09	69.19
Secured Creditors	0.95	1.10	0.10	0.30	0.00	2.45	1,427.73	582.75
	0.95	4.70	5.05	5.70	0.00	16.40	5,762.25	
Investigations								
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	
Realisation of Assets								
Book Debts	0.00	0.75	3.90	0.00	0.00	4.65	1,952.75	419.95
Freehold and Leasehold Property	0.00	2.40	0.00	0.00	0.00	2.40	1,500.00	625.00
Sale of business	1.70	20.25	0.00	0.00	0.00	21.95	14,268.75	650.06
	1.70	23.40	3.90	0.00	0.00	29.00	17,721.50	
Trading								
Trading - Accounting	2.10	89.45	0.00	23.25	0.00	114.80	53,405.25	465.20
Trading - Employees	0.00	2.75	5.50	0.00	0.00	8.25	3,349.00	405.94
Trading - Insurance	0.00	0.35	0.00	0.00	0.00	0.35	136.50	390.00
Trading - Operations	4.60	79.90	32.20	180.40	0.00	297.10	112,726.75	379.42
	6.70	172.45	37.70	203.65	0.00	420.50	169,617.50	
Total Hours:	11.65	301.15	92.10	357.25	0.00	761.95		385.74
Total Fees Claimed (£):	9,007.00	158,578.00	31,678.51	94,650.98	0.00		293,914.49	

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

The key areas of work have been:

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

Administration and planning

- Monitoring and reviewing the Administration strategy;
- Briefing staff on the Administration strategy and matters in relation to workstreams;
- Regular case management and reviewing of process including regular team update meetings and calls;
- Meeting with management to review and update strategy and monitor progress;
- Reviewing and authorising junior staff correspondence and other work;
- Dealing with queries arising during the appointment;
- Reviewing matters affecting the outcome of the Administration;
- Allocating and managing staff/ case resourcing and budgeting exercises and reviews;
- Liaising with legal advisors regarding various instructions; and
- Complying with internal filing and information recording practices, including documenting strategy decisions.

Creditors

- Updating the list of Unsecured Creditors;
- Responding to enquiries from Creditors regarding the Administration and submission of their claims;
- Reviewing completed forms submitted by Creditors, recording claim amounts and maintaining claim records; and
- Drafting progress statutory progress reports; and
- Providing written and oral updates to the Secured Creditor regarding the progress of the Administration and cases strategy.

Investigations

- Managing and reviewing the Company books and records;
- 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;
- Obtaining records from third parties;
- Enquiring with counterparties who has raised disputes against the Company;
- Reviewing pre-appointment transactions; and
- Documenting investigations.

Statutory and compliance

- Ensuring compliance with all statutory obligations within the relevant timescales;
- Uploading information to the Creditors' Portal;

- Drafting and publishing progress reports;
 - Running decision procedures;
 - Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9;
 - Monitoring the fees estimate; and
 - Monitoring the expenses estimate.
- Cashiering
- Preparing statutory receipts and payments accounts; and
 - Renewing bonding and complying with statutory requirements;
- Asset realisations
- Collating information from the Company's records regarding assets,;
 - Liaising with finance companies in respect of assets subject to finance agreements;
 - Liaising with agents regarding the sale of assets;
 - Reviewing outstanding debtors and management of debt collection strategy;
 - Liaising with third parties regarding costs incurred;
 - Reviewing and agreeing invoices;
 - Reviewing costs incurred to ensure recorded accurately; and
 - Arranging payments to agents and solicitors in a timely manner.
- Trading
- Attend weekly meetings with the Senior Operations Team and Cornerstone;
 - Attend weekly meetings with the finance team;
 - Review and analyse monthly management information;
 - Attending to supplier and customer queries and correspondence;
 - Reviewing invoices to ensure they correspond with the relevant purchase orders; and
 - Raising payments to suppliers in respect of Administration costs.
- Tax
- Analysing and considering the tax effects of asset sales;
 - Working on tax returns relating to the periods affected by the Administrator;
 - Analysing VAT related transactions; reviewing the Company's duty position to ensure compliance with duty requirements; and
 - Dealing with post appointment tax compliance.

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.

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.

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
DBT	Department for Business & Trade
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)
NIC	National Insurance Contributions
PAYE	Pay As You Earn
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)

Word or Phrase	Definition
the Previous Progress Report	The Joint Administrators' Progress Report to Creditors dated 2 June 2023
this Progress Report	This Progress Report Covering the period 9 May 2023 to 8 November 2023
the Reporting Period	9 May 2023 to 8 November 2023
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
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
VAT	Value Added Tax

Appendix 9 – Notice about this report

This report has been prepared by Philip Dakin and Benjamin 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.