

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress ReportPursuant to Rule 1 26A(4)(a) or
Rule 1.54 of the Insolvency Rules
1986**R.1.26A(4)(a)/
R.1.54**

For Official Use

To the Registrar of Companies

Company number

05259566

Name of company

(a) Insert full name of
company

(a) HOLIBROOK HOUSE LIMITED

(b) Insert full name and
addressI (b) Richard Jeffrey Rones
311 High Road
Loughton
Essex
IG10 1AH

supervisor of a voluntary arrangement taking effect on

(c) Insert date

(c) 29 June 2011

Attach my progress report for the period from

(c) 29 June 2013

to

(c) 28 June 2014

Number of continuation sheets (if any) attached

Signed



Date

4 August 2014

Presenter's name, address
and referenceThorntonRones Ltd
311 High Road
Loughton
Essex
IG10 1AH

Ref H159/CVA401/RJR/MB/602

For Official Use

Liquidation Section

Post Room

SATURDAY



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COMPANIES HOUSE

**Supervisor's
Annual Progress Report to Creditors**



**Holibrook House Limited -
Company Voluntary Arrangement ("CVA")**

28 June 2014

CONTENTS

- 1 Introduction
- 2 Realisation of Assets
- 3 Creditors
- 4 Supervisor's Remuneration
- 5 Distributions
- 6 Variation

APPENDICES

- A Receipts and Payments Account for the period from 29 June 2013 to 28 June 2014, together with a cumulative Receipts and Payments Account for the period from 29 June 2011 to 28 June 2014
- B Time Analysis for the period from 29 June 2013 to 28 June 2014
- C A cumulative Time Analysis for the period from 29 June 2011 to 28 June 2014
- D Additional Information in relation to Supervisor's fees pursuant to Statement of Insolvency Practice No 9
- E Proposed Variation Outcome and Comparison Statement
- F Voting Form and Creditors Statement of Claim Form

1 Introduction

- 1 1 You will recall that I was appointed Supervisor of Holibrook House Limited ("the Company")'s CVA, on 29 June 2011
- 1 2 This report now provides an update on the progress in the CVA in accordance with Rule 1 26A of the Insolvency Rules 1986 At Appendix A, I have provided an account of my Receipts and Payments for the year ended 28 June 2014 with a comparison to the Directors' Statement of Affairs values, together with a cumulative account since my appointment
- 1 3 By way of reminder, the CVA provided in the main for contributions to be paid over 60 months on a rising scale, as per the following,

Months	For year £	Cumulative £
Months 1-12 @ £4,000 / month	48,000	48,000
Months 13-24 @ £6,000 / month	72,000	120,000
Months 25-36 @ £8,000 / month	96,000	216,000
Months 37-48 @ £10,000 / month	120,000	336,000
Months 49-60 @ £12,000 / month	144,000	480,000
Total	<u>£480,000</u>	

2 Realisation of Assets

Voluntary Contributions

- 2 1 During the third year of the CVA, 1 contribution totalling £6,000 and 11 contributions of £8,000 have been received, thereby providing a total of £94,000
- 2 2 During the third year of the CVA, there was as shortfall of £2,000 in contributions that should have been received which was due to the fact that the Company had not amended the standing order for contributions following the increase in month 25 as per the above table at Paragraph 1 3
- 2 3 However, I am pleased to advise that this has now been received and contributions are therefore up to date
- 2 4 Since the date of my appointment, contributions totalling £216,000 have been received and I am therefore pleased to confirm that all contributions due to the date of this report have been received in full

Amounts Owed by Connected Company

- 2 5 During the third year of the CVA, funds of £30,500 have been received in respect of amounts owed by Hopewell School Limited ("HSL"), a connected Company. Since the date of my appointment, funds of £90,500 have been received from HSL.
- 2 6 Creditors should further note that HSL have made an over payment of £500 which will remain on account.
- 2 7 I am therefore pleased to confirm that all payments due from HSL have been received in full.

3 Creditors

Preferential Creditors

- 3 1 There are no preferential creditors' claims in this arrangement.

Unsecured Creditors

- 3 2 To date, I have agreed 4 unsecured claims totalling £1,067,035.28. Claims not yet agreed amount to £50,385 and consequently total claims will be in the region of £1,117,420. This is in comparison to the estimated claims of £941,647.06 which were provided on the Statement of Affairs appended to the Proposal. I advise that the reason for the increase in creditor claims is due to the interest and surcharges which have accrued on the amounts owed to HM Revenue & Customs.

4 Supervisor's Remuneration

- 4 1 The CVA provides that my remuneration will be based upon the time costs of the Supervisor and my staff in executing the CVA.
- 4 2 The Supervisor's time costs for the period 29 June 2013 to 28 June 2014 total £5,727.25. This represents 35 hours at an average rate of £163.64 per hour. Attached as Appendix B is a Time Analysis in accordance with the provisions of Statement of Insolvency Practice 9 (SIP9), which provides details of the activity costs incurred by staff grade for the period under review.
- 4 3 The Supervisor's time costs for the period 29 June 2011 to 28 June 2014 total £17,109.30. This represents 106.08 hours at an average rate of £161.29 per hour. To date, £4,500 has been drawn on account. Attached as Appendix C is a Time Analysis in accordance with the provisions of Statement of Insolvency Practice 9 (SIP9), which provides details of the activity costs incurred by staff grade from the date of appointment to the third anniversary.
- 4 4 Attached, as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors and re-charging of disbursements.

4 5 The Supervisor's remuneration estimate included in the original Proposal was £12,000, or £2,400 per annum, which was approved by creditors. As can be seen above, the estimate has been exceeded. At the present time, it is not intended to draw any additional remuneration than that which was anticipated in the Proposal. However, should this change, I will seek creditors approval to do so.

4 6 A copy of a 'Creditors Guide to Supervisor's Fees' is available on request or can be downloaded from www.icaew.com/en/technical/insolvency/creditors-guides

5 Distributions

5 1 To date, I have made 1 distribution to creditors whom have proven in the CVA. The amount distributed was £90,000.13 which provided for a dividend of 10.10 pence in the pound against agreed claims of £891,513.94.

5 2 At present, I have funds of £226,934.39 in hand. Accordingly, it is my intention to pay a second dividend to unsecured creditors. A Notice of Intended Dividend has been sent to all creditors who have not yet proven in the CVA. Therefore, it is anticipated that the catch up distribution to any creditors that now prove, and a second distribution to all proven creditors, will be paid within the ensuing 4 weeks.

5 3 Alternatively, I should be obliged if you would inform me if you have no claim in the CVA.

6 Variation

6 1 The Director has recently been in touch to advise that she believes that the Company will struggle to continue to make the contributions as per the current terms of the CVA. I am advised that this is due to the fact that the Company has suffered the closure of a care home due to the loss of a contract. In order to gain a new client base for the home, the Company has had to refurbish the home and it is felt that it will take at least two years to achieve and maintain a stable, profitable level of income.

6 2 Due to the above, it is proposed that that Company reduce the contributions due in year 4 by 40% of the original agreed amount, and by 30% of the original agreed amount during the final year of the CVA.

6 3 This will naturally have an effect on the total distribution to creditors and I enclose an Estimated Outcome and Comparison Statement for your perusal. To summarise, the Proposal as approved by creditors on 29 June 2011 estimated that creditors would receive a total distribution of approximately 66 pence in the pound. Should creditors elect to approve the variation proposed herein, it is anticipated that they shall receive a total distribution of 47.99 pence in the pound.

HOLIBROOK HOUSE LIMITED
COMPANY VOLUNTARY ARRANGEMENT (CVA)

- 6 4 Whilst this may be a considerable shortfall, it is likely that should creditors elect to reject the proposed variation, the Company will begin to struggle to maintain the monthly contribution under the terms of the CVA which is likely to lead to the CVA failing and a petition being presented for the Compulsory Winding Up of the Company. In this scenario, creditors are likely to receive a greatly reduced distribution.
- 6 5 Creditors should note that an annual review of the Company's trading profits will still be undertaken. Therefore, should the Company's revenue increase sooner than anticipated following the reopening of the closed care home, then I will of course request increased contributions from the Company.
- 6 6 Based on the information presented to me, I believe it to be in the interests of creditors to accept the proposed variation.
- 6 7 For avoidance of doubt, the resolutions which are being proposed are as follows,
- ***That the Company is to make voluntary contributions of £6,000 during the course of the fourth year of the CVA, and voluntary contributions of £8,400 during the final year of the CVA;***
 - ***That the minimum dividend modification proposed by HM Revenue & Customs, and approved by the Director, be removed.***
- 6 8 I propose to deal with the variation by way of postal resolution in accordance with Paragraph 72 of the Standard Conditions which were appended to the original CVA Proposal. Creditors wishing to vote on the proposed resolutions must complete and return the enclosed voting form to me no later than 28 August 2014. Those creditors who have not yet submitted a completed Statement of Claim Form must do so in order for their vote to be counted.

Should you require further information at any time, please do not hesitate to contact Mark Boast of this office.

Yours faithfully



Richard Rones
Supervisor

Enc

**Voluntary Arrangement of
Holibrook House Limited**

Statement of Affairs	From 29/06/2013 To 28/06/2014	From 29/06/2011 To 28/06/2014
ASSET REALISATIONS		
	16,000 00	16,000 00
480,000 00	78,000 00	198,000 00
	NIL	138 42
150,000 00	32,500 00	92,500 00
20,000 00	NIL	20,000 00
	NIL	2,100 00
	<u>126,500 00</u>	<u>328,738 42</u>
COST OF REALISATIONS		
	163 20	813 20
	NIL	5,000 00
	NIL	4,500 00
	NIL	69 75
	NIL	7 00
	<u>(163 20)</u>	<u>(10,389 95)</u>
UNSECURED CREDITORS		
(941,647 00)	NIL	90,000 13
	NIL	(90,000 13)
<u>(291,647.00)</u>	<u><u>126,336.80</u></u>	<u><u>228,348 34</u></u>
REPRESENTED BY		
Vat Receivable		1,413 95
Fixed Current A/c		226,934 39
		<u><u>228,348.34</u></u>

Note



Richard Jeffrey Rones
Supervisor

Time Entry - SIP9 Time & Cost Summary

H159 - Holbrook House Limited
Project Code POST
From 29/06/2013 To 28/06/2014

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.40	0.00	4.95	9.10	14.45	1 816.75	125.73
Case Specific Matters	1.40	0.00	14.40	0.00	15.80	3 079.25	194.89
Creditors	0.00	0.00	4.75	0.00	4.75	831.25	175.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	1.80	0.00	24.10	9.10	35.00	5,727.25	163.64
Total Fees Claimed						4,500.00	
Total Disbursements Claimed						0.00	

HYGNDX D

Time Entry - SIP9 Time & Cost Summary

H159 - Holbrook House Limited
Project Code POST
From 29/06/2013 To 28/06/2014

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0 40	0 00	4 95	9 10	14 45	1,816 75	125 73
Case Specific Matters	1 40	0 00	14 40	0 00	15 80	3 079 25	194 89
Creditors	0 00	0 00	4 75	0 00	4 75	831 25	175 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	1 80	0 00	24 10	9 10	35 00	5,727 25	163 64
Total Fees Claimed						4,500 00	
Total Disbursements Claimed						0 00	

APPENDIX 1

**Additional Information in Relation to Supervisor's Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix D

1 Policy

Detailed below is Thornton Rones Limited policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

1 1 Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Manager, Administrator and/or an Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case

We have not utilised the services of any subcontractors in this case

1 2 Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
None	N/A

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

1 3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Thornton Rones for the provision of services which include an element of recharged overhead, for example, room hire or document storage

HOLIBROOK HOUSE LIMITED
COMPANY VOLUNTARY ARRANGEMENT (CVA)

On this case the following Category 2 disbursements have been incurred my last report

Type and purpose	£
Photocopying	22 60
Postal Costs	25 11
Scanning	4 00
TOTAL	51 71

2 Charge-out rates

A schedule of Thornton Rones Limited charge-out rates was issued to creditors at the time the basis of the Supervisor's remuneration was approved. Attached are details of this firm's charge out rates which have been applied with effect from 1 April 2014. Please note that this firm records its time in minimum units of 6 minutes.

Appendix E

HOLIBROOK HOUSE LIMITED

COMPARISON OF ESTIMATED OUTCOME OF VOLUNTARY ARRANGEMENT WITH LIQUIDATION

LIQUIDATION				VOLUNTARY ARRANGEMENT	
£	£		Note	£	£
		ASSETS			
57,340		Surplus available to creditors		-	
-		CVA Contributions	1	388,800	
Uncertain		Amounts owed by connected Company	2	150,000	
20,000		Director's Current Account	3	20,000	
	77,340				558,800
		Less Estimated costs:			
13,571		Secretary of State fees fees		-	
1,500		Petition costs		-	
2,160		Official Receiver's fees		-	
20,000		Liquidator's fees		-	
-		Nominee's fees (balance)		5,000	
330		Insolvency Bond		813	
-		Supervisor's fees		12,000	
500		Disbursements		500	
4,100		VAT (not recoverable)		3,500	
	(42,161)				(21,813)
	35,179	Surplus available to preferential creditors			536,987
		Preferential creditors			
57,910		Employee claims (estimate)		-	
	(57,910)				-
	(22,731)	(Deficit)/Surplus after preferential creditors			536,987
		Unsecured creditors			
7,155		Trade and Expense		7,155	
45,820		Bank Loan		45,820	
858,673		H M Revenue & Customs - PAYE/NIC		1,064,194	
30,000		H M Revenue & Customs - Corp Tax		-	
93,076		Estimated Employee Claims		-	
	(1,034,724)				(1,117,168)
	(1,057,454)				(580,182)
Nil p in £		Estimated Dividend to Unsecured creditors		48.07 p in £	

Holibrook House Limited
Subject to a Company Voluntary Arrangement

Notes to Accompany Estimated Outcome Statement

1 The proposed variation contribution total is made up as follows,		
12 x	4,000 =	48,000
12 x	6,000 =	72,000
12 x	8,000 =	96,000
12 x	6,000 =	72,000
12 x	8,400 =	100,800
		<u>388,800</u>

2 The final claim of HMRC has now been received, and which was higher than that which was anticipated in the original Proposal

Holibrook House Limited
Company Voluntary Arrangement

POSTAL RESOLUTION FORM

Resolutions to be considered, please clearly indicate how you wish to vote on each resolution,

- 1 That the Company is to make voluntary contributions of £6,000 during the course of the fourth year of the CVA, and voluntary contributions of £8,400 during the course of the final year of the CVA,

ACCEPT / REJECT

- 2 That the minimum dividend modification proposed by HM Revenue & Customs, and approved by the Director, be removed

ACCEPT / REJECT

Name of Creditor

Address of Creditor

Amount of Claim

Signature

Print Name

Relationship to Creditor

Date

In order that your vote be considered, you must have completed and returned the enclosed Creditors of Statement of Claim Form.

All votes must be received no later than 12 noon on 28 August 2014 in order to be counted for voting purposes.

Holibrook House Limited

In Company Voluntary Arrangement

CREDITOR'S STATEMENT OF CLAIM

Name and address of creditor

Reference

Amount claimed in the Proposed CVA
(Including VAT)

£

Signature of creditor

Name of creditor

Telephone

Fax

E-mail

Date

 /

 /

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to ThorntonRones Ltd, 311 High Road, Loughton, Essex, IG10 1AH

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the liquidation should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return

Insolvency practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice

ThorntonRones Limited

CHARGE OUT RATES & POLICY REGARDING THE RECHARGE OF DISBURSEMENT RECOVERY PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1 CHARGE-OUT RATES

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. Details of charge-out rates effective from 1 April 2014 are as follows:

Staff	Rate per hour
Insolvency Practitioner	380
Director	300
Manager	295
Administrator 1	215
Administrator 2	185
Administrator 3	160
Administrator 4	140
Cashier	117
Support Staff	94

2 DISBURSEMENT RECOVERY

In accordance with Statement of Insolvency Practice 9 (SIP9) disbursements are categorised as either Category 1 or Category 2.

2.1 Category 1 Disbursements

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by ThorntonRones and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred. Category 1 disbursements can be drawn without prior approval, although an office holder should be prepared to disclose information about them in the same way as any other expenses.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

2.2 Category 2 Disbursements

Category 2 disbursements include elements of shared or allocated costs incurred by ThorntonRones and recharged to the case; they are not attributed to the case by a third party invoice and/or they may include a profit element. Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration. When seeking approval, an office holder should explain, for each category of expenses, the basis on which the charge is being made. Examples of Category 2 disbursements are photocopying, all business mileage, internal room hire and internal storage.

The firm's current policy is that it recharges Category 2 disbursements as follows:

Expense	Charge
Meeting room hire – per meeting	75 00
Reports / Letters etc – per creditor	3 25
Correspondence – per debtor	2 00
Photocopying – per copy	0 10
Facsimile transmission – per sheet	1 00
Scanned documents for 3 rd party use – per sheet	0 20
Mileage at HMRC approved rate – per mile	0 45

All costs are subject to VAT, where applicable and reflect the actual cost of the materials or services used.