

The Insolvency Act 1986


Administrator's progress report

Name of Company Moorpark Propco Limited	Company number 05543325
In the High Court of Justice, Chancery Division <small>[full name of court]</small>	Court case number 2791 of 2013

(a) Insert full name(s) and address(es) of administrator(s) We (a) Sarah M Rayment and James Bernard Stephen of BDO LLP, 55 Baker Street, London, WIU 7EU

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

(b) Insert date	From	to
	(b) 12 April 2013	(b) 11 October 2013

Signed 
Joint/administrator(s)

Dated 11/11/2013

Contact details*

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Robert Ferne, BDO LLP, 55 Baker Street, London,	
WIU 7EU	
Our Ref	Tel 020 7893 3562
DX Number	DX Exchange



A28 12/11/2013 #5
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

11 November 2013

Please ask for Robert Feme
Telephone: 020 7893 3562
E-mail: robert.feme@bdo.co.uk**TO ALL KNOWN CREDITORS**

Dear Sirs

Landfrost Limited ("Landfrost")
Dunan Healthcare UK Limited ("Dunan")
Moorpark Propco Limited ("Moorpark") (together "the Companies") - All in Administration

It is now 6 months since my appointment in respect of the Companies. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administrations.

1 Statutory Information

The Joint Administrators are Sarah Rayment and James Bernard Stephen of BDO LLP, 55 Baker Street, London, W1U 7EU and they were appointed in respect of the above Companies on 12 April 2013. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally and neither Joint Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by Aviva Commercial Finance Limited being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986.

The Companies' registered offices are situated at c/o BDO LLP, 55 Baker Street, London, W1U 7EU. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division and the court case numbers are shown below together with the registered numbers and dates of incorporation.

<u>Company</u>	<u>Registered Number</u>	<u>Court Case Number</u>	<u>Date of Incorporation</u>
Landfrost	05596240	2793 of 2013	18/10/2005
Dunan	07780710	2792 of 2013	20/09/2011
Moorpark	05543325	2791 of 2013	23/08/2005

Landfrost is the ultimate holding company within the wider group and its subsidiaries include Moorpark, as well as RZ Healthcare Limited and RZ Homes Limited (together "the RZ Companies"). Dunan is associated to the group by way of the security structure. The RZ Companies are Scottish registered companies over which Sarah Rayment and James Stephen of BDO LLP have also been appointed as Joint Administrators. Due to legislative

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differences between Scottish and English & Welsh insolvency jurisdictions, the Joint Administrators will circulate their progress report to the creditors of the RZ Companies under separate cover.

2 Receipts

Landfrost operates as a holding company only, therefore, there have been no receipts or payments in respect of Landfrost to date.

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £850,837 in respect of Dunan and £221,852 in respect of Moorpark.

3 Background to the Companies

Moorpark holds the heritable interest (ownership) in the care home at Moorpark Place (Ayrshire), which is tenanted and operated by a third party.

The RZ Companies together own 5 freehold purpose-built care homes providing c280 beds. These homes are Burnside (Aberdeenshire), Cochrane (Renfrewshire), Newark (Inverclyde), Ranfurly (Renfrewshire), which are all owned by RZ Healthcare Limited and Spiers (Ayrshire), which is owned by RZ Homes Limited (together "the Homes").

In 2011 Danshell Care Home Limited ("Danshell") was appointed by Dunan to act as operator of the Homes. Danshell and an associated company, Oakview Estates Limited, together acted as the registered provider in respect of the relevant regulatory requirements, and also contracted with the local authorities and private residents. I would advise that the Joint Administrators have retained the services of Danshell by way of a Care Homes Management Agreement entered into between Dunan, Danshell Management LLP and Oakview Estates Limited.

4 Trading the Homes during Administrations

You will be aware that, following an immediate review of the Companies' affairs, the strategy of the Joint Administrators was to continue trading the Homes with a view to finding a purchaser or purchasers as a going concern. The Joint Administrators are pleased to report that all of the Homes have continued to trade, with the assistance of Danshell and that the on-going welfare of the service users remains paramount.

As detailed above, the Joint Administrators entered into an operating agreement with Danshell to assist in the ongoing running of the Homes. Danshell has continued to manage the operational affairs of the Homes on a day to day basis. The Homes enjoy healthy occupancy rates and maintain high standards with the residents' welfare at the forefront and the Joint Administrators are pleased to report that feedback regarding the running of the Homes continues to be very positive.

With the assistance of Danshell, the Joint Administrators continue to liaise with and provide regular updates to the Scottish Care Inspectorate and relevant local authorities, who continue to refer new service users to the homes.

5 Moorpark Place

As you will be aware, Moorpark holds the heritable interest to an otherwise unconnected care home at Moorpark Place, the tenant and operator of which is Guthrie Court Limited. Orbit property Management Limited continues to manage the property on behalf of Moorpark. The Joint Administrators continue to collect the passing annual rent as and when it falls due.

6 Sale of Business

The Joint Administrators have been in discussion with agents regarding the marketing of the Homes and Moorpark Place and it is anticipated that this strategy will be finalised shortly.

At present the Joint Administrators are unable to commit to any definitive time period in which the homes will be sold.

7 Investigations

As previously reported, we have identified significant sums that were paid to third parties from Dunan's account shortly before the Joint Administrators' appointment and following the issue of a formal demand. In addition, we are looking into further amounts that were transferred from Dunan's accounts during the normal course of business and for which we have not yet established any satisfactory explanation.

We are currently considering the above and we are liaising closely with our solicitors to formulate an appropriate strategy. As this may lead to legal action in due course, we do not propose to go into more detail at this stage.

8 Future of the Administrations

The Joint Administrators' proposals, deemed agreed in the absence of a meeting of creditors on 14 June 2013, were that, once all of the assets have been realised and distributed to the secured creditors in the Administrations, where there are sufficient funds to enable a distribution to be made to the unsecured creditors, the Joint Administrators arrange for the Companies to move from Administration to Creditors' Voluntary Liquidation

9 Prospects for Creditors

Secured Creditors

The Companies owed Aviva Commercial Finance Limited ("Aviva") c£34m at the date of the Administrations in respect of term loans and an overdraft facility

Aviva will receive a distribution from the assets realised under its fixed charges, however, I am still not in a position to quantify the amounts to be paid at the present time as the distributions will be dependent upon realisations achieved in these Administrations.

In addition, as previously advised, Investec Bank (UK) Limited ("Investec") was granted security by the relevant Companies over the Homes, although Aviva retains priority in respect of its security.

Preferential Creditors

As previously advised, preferential claims are those of employees in respect of arrears of wages, capped at £800 per employee, and any accrued holiday pay for those employees who have been made redundant. As there were no redundancies and all wages have been paid up to date, there should be no preferential claims in the Administrations.

Unsecured Creditors

The unsecured creditors' claims against the trading entity, Dunan, are estimated at £294k. We have not received any unsecured claims in relation to Landfrost or Moorpark. Based upon present information, the Companies have insufficient property to enable a distribution to unsecured creditors, other than a possible Prescribed Part distribution.

Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where a company has granted a floating charge to a creditor after 15 September 2003.

The Prescribed Part is calculated a 50% of the first £10,000 of net floating charge realisation, then 20% of the balance (after the costs of the Administrations), up to a maximum of £600,000. Due to the uncertainty as to any anticipated trading surplus during the period leading up to a sale, I am not in a position to advise on the likelihood of any potential realisation to unsecured creditors in respect of the Prescribed Part at this stage.

The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint.

10 Administrators' Remuneration

The creditors have already approved the Administrators' remuneration on a time costs basis and to date time costs of £252,540.95 (Dunan), £16,756.55 (Landfrost) and £4,787.45 (Moorpark) have accrued but have not yet been drawn. Attached to this report are schedules which summarise the time costs accrued to 1 November 2013 and indicate the work undertaken in that respect.

As there will be no funds available for distribution to the unsecured creditors, I will be seeking approval of our remuneration from the secured creditor in accordance with Rule 2.106(5A) of the Insolvency Rules 1986.

11 Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I provide below a summary table detailing the disbursements that have accrued in the Administrations.

Company	Disbursements accrued (£)	Disbursements drawn (£)	Disbursements outstanding (£)
Landfrost	431.60	nil	431.60
Dunan	4,287.77	nil	4,287.77
Moorpark	20	nil	20

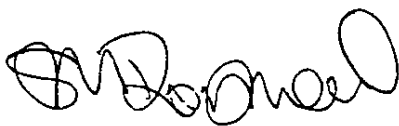
The creditors have previously approved that the Joint Administrators be authorised to draw category 2 disbursements in respect of postage, stationery, photocopying charges, telephone, fax and other electronic communications on the basis of £12.50 per creditor in the first year of the Administrations and £6.25 per creditor in respect of each subsequent year. No category 2 disbursements have been drawn to date.

I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administrations.

If you require any further information regarding this matter, please do not hesitate to contact Robert Ferne on the above number.

Please note the Joint Administrators act only as agents of the Companies and without personal liability.

Yours faithfully
For and on behalf of
The Companies



Sarah Rayment
Joint Administrator

Enc

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2.48A Creditors' request for further information

(1) If—

- (a)** within 21 days of receipt of a progress report under Rule 2.47—
 - (i)** a secured creditor, or
 - (ii)** an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b)** with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a)** providing all of the information asked for, or
- (b)** so far as the administrator considers that—
 - (i)** the time or cost of preparation of the information would be excessive, or
 - (ii)** disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii)** the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a)** the giving by the administrator of reasons for not providing all of the information asked for, or
- (b)** the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just.

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.

Rule 2.109 Creditors' claim that remuneration or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

- (a)** the remuneration charged by the administrator,
- (b)** the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c)** expenses incurred by the administrator,
is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-

Rule 2.109 (continued)

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge;

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration;

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the Companies the amount of the excess of remuneration or expenses or such part of the excess as the court may specify;

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

**Dunan Healthcare UK Limited
In Administration**

**Summary of Joint Administrators' Receipts and Payments from 12 April 2013
(date of appointment) to 11 October 2013**

	Total Realisations £
RECEIPTS	
Cash at Bank	2,131.99
Short Term Loan	255,000.00
Refund of Preference Payment	6,000.00
Bank Interest	257.94
Trading Surplus (see Trading Account)	808,559.02
	<u>1,071,948.95</u>
PAYMENTS	
Refunds	589.40
Pre-Appointment Salaries	219,875.22
Legal disbursements	259.00
Insurance bond	388.00
	<u>221,111.62</u>
Balances in Hand	850,837.33
	<u>1,071,948.95</u>

**BDO LLP
55 Baker Street
London
W1U 7EU**

**S M Rayment & J Stephen
Joint Administrators**

11 November 2013

NOTES

The directors have not submitted a statement of affairs as at the date of this report.

Dunan Healthcare UK Limited
In Administration

Summary of Joint Administrators' Trading Account from 12 April 2013 (date of appointment) to 11 October 2013

	Total Realisations £
RECEIPTS	
Unallocated Sales Income (see note)	4,033,893.68
	<u>4,033,893.68</u>
PAYMENTS	
Staff costs	
Burnside	417,933.19
Cochrane	418,708.46
Newark	374,608.08
Ranfurley	458,422.14
Spiers	318,611.08
Fixed costs	
Burnside	44,380.13
Cochrane	43,276.02
Newark	32,180.60
Ranfurley	40,537.36
Spiers	32,663.28
Variable costs	
Burnside	69,211.92
Cochrane	56,750.41
Newark	42,941.90
Ranfurley	49,995.42
Spiers	27,070.26
Capital expenditure	
Burnside	16,128.13
Cochrane	28,590.93
Newark	20,676.54
Ranfurley	18,936.84
Spiers	22,850.34
Petty Cash	
Burnside	7,712.42
Cochrane	7,423.31
Newark	5,635.81
Ranfurley	6,181.59
Spiers	6,897.74
Overheads	46,921.31
Ransom Payments	228,817.00
Stock	13,000.00
Hire equipment	145.50
Bank charges	2,540.00
Management Agent Fees	301,571.91
Irrecoverable VAT	64,015.04
	<u>3,225,334.66</u>
Trading Surplus	808,559.02
	<u>4,033,893.68</u>

BDO LLP
55 Baker Street
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S M Rayment & J Stephen
Joint Administrators
11 November 2013

NOTES

Danshell will provide a reconciliation of pre-appointment debtor and trading receipts, to be split by home, to allow the Administrators to allocated income correctly

Moorpark Propco Limited
In Administration

Summary of Joint Administrators' Receipts and Payments from 12 April 2013
(date of appointment) to 11 October 2013

	Total Realisations
RECEIPTS	£
Rental Income	228,343.90
Bank Interest	14.61
	<u>228,358.51</u>
PAYMENTS	
Insurance	4,128.80
Agent's Fees	1,735.41
Legal Disbursements	259.00
VAT input	383.28
	<u>6,506.49</u>
Balances in Hand	221,852.02
	<u>228,358.51</u>

BDO LLP
55 Baker Street
London
W1U 7EU

S M Rayment & J Stephen
Joint Administrators

11 November 2013

NOTES

The directors have not submitted a statement of affairs as at the date of this report.

Landfrost Limited
In Administration

**Summary of Joint Administrators' Receipts And Payments from 12 April 2013 to 11 October
2013**

There have been no receipts or payments to date

BDO LLP
55 Baker Street
London
W1U 7EU

S M Rayment & J Stephen
Joint Administrators
11 November 2013

Summary of Time Charged and Rates Applicable for the Period From 12 April 2013 (date of appointment) to 1 November 2013

[illegible]

Summary of Time Charged and Rates Applicable for the Period From 12 April 2013 (date of appointment) to 1 November 2013

Net total	44 50	16,756 55	376 55
Disbursements		431 60	
Billed		0.00	
Grand Total		17,188 15	

Summary of Time Charged and Rates Applicable for the Period From 12 April 2013 (date of appointment) to 1 November 2013

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