

The Insolvency Act 1986

Administrator's progress report

Name of Company A & R Healthcare Ltd	Company number 06127530
In the High Court of Justice [full name of court]	Court case number: 3516 of 2011

(a) Insert full name(s) and address(es) of the administrator(s)

We (a) Julian Pitts and David Wilson of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ

administrators of the above company attach a progress report for the period

from


to

(b) Insert dates

(b) 4 November 2011

(b) 3 May 2012

Signed


 Joint Administrators

Dated

4 MAY 2012

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.

Begbies Traynor (Central) LLP	
Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ	
	Tel Number 0113 2375560
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SATURDAY



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12/05/2012

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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

Julian Pitts and David Wilson appointed joint administrators on 4 May 2011

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

A & R Healthcare Ltd (In Administration)

Final Progress Report of the joint administrators
pursuant to Rules 2.47 and 2.110 of The Insolvency
Rules 1986

Period: 4 November 2011 to 3 May 2012

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	A & R Healthcare Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 4 May 2011
"the administrators"	Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ and David Wilson of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	A & R Healthcare Ltd
Trading name(s)	Seaview Nursing Home
Date of Incorporation	
Company registered number	06127530
Company registered office	Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ and David Wilson, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ
Date of administrators' appointment	4 May 2011
Court	High Court of Justice
Court Case Number	3516 of 2011
Person(s) making appointment / application	Qualifying floating charge holder – Santander UK Plc
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our receipts and payments for the period from 4 November 2011 to 3 May 2012

The Joint Administrators' progress report for the period ended 3 November 2011 indicated that the Company was continuing to trade with a view to placing the home on the open market for sale as a going concern

Regrettably trading circumstances at the home deteriorated and as time progressed, capital expenditure requirements to make the home both fully compliant from a statutory point of view and also create a suitable environment to attract new residents, continued to mount

By the end of November 2011 with occupancy declining it was calculated that effecting a turnaround whilst taking into account the capital expenditure required and the funding for ongoing losses was sufficient to render the continued trading of the business no longer viable

The Joint Administrators therefore made a difficult decision to cause the care home to cease trading and appropriate notice was given to the relevant parties

The Administrators and their care home managing agents, Goldcare Future Management worked closely with local authorities and residents' families to ensure the wind down caused as little distress as possible

The final resident moved to alternative accommodation on 21 December 2011 at which point the home ceased trading

Since that date the Joint Administrators have endeavoured to find a buyer for the property, regrettably without success

As the Company is no longer trading the sole duty remaining is realisation of the Company's freehold property and it has been agreed with the secured creditor that there is little justification in the expense of extending the Administration

The Administration therefore being allowed to lapse at the end of its statutory period of 12 months

The secured creditor has made a simultaneous appointment of D F Wilson and J N R Pitts of this office as Joint Law of Property Act Receivers to continue with the sale of the property

5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows

- 50% of the first £10,000 of net property,
-

- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

Pursuant to Rule 2 33(3), we consider it in the best interests of the creditors not to disclose estimates of the prescribed part of the Company's net property at this time on the grounds that the disclosure could seriously prejudice the commercial interests of the Company

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors

Ending the administration

As the notice (Form 2 30B) accompanying this report confirms, our appointment as administrators ceased to have effect on 3 May 2012

6. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

In order that the purpose of the administration may be fully achieved, the administrators statement of proposals stated that the Administrators were to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with were

- Rationalise payroll and other costs,
- Attempt to attract new residents,
- Sell the nursing home

Due to a deterioration in trading circumstances the home was closed in December 2011. The premises in Saltburn by the Sea remain on the market.

In accordance with Section 85 of Schedule B1 of the Insolvency Act 1986, the Administration will come to an automatic end after a period of twelve months.

The Joint Administrators consider that whilst the primary objective of Administration under paragraph 3 of Schedule B1 to the Insolvency Act 1986 may not have been achieved it is considered that effecting an orderly wind down of the Company's affairs has achieved the secondary purpose by achieving a better result than upon a winding up.

LPA receivers have now been appointed to continue to market the property.

7. ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies

Traynor (Central) LLP in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report

Our time costs for the period from 4 May 2011 to 3 May 2012 amount to £78,899 50 which represents 395 70 hours at an average rate of £199 39 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- Narrative summary of time costs incurred
- Table of time spent and charge-out value for the period to
- Begbies Traynor (Central) LLP's policy for re-charging disbursements
- Begbies Traynor (Central) LLP's charge-out rates

To date, we have not drawn any remuneration

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £399 68 are provided in the narrative summary of time costs incurred which is at Appendix 2

8. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2 48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that the administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

Right to make an application to court

Pursuant to Rule 2 109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by the administrators as set out in this progress report are excessive or, in relation to the basis fixed for the administrators' remuneration, inappropriate

9. ASSETS THAT REMAIN TO BE REALISED

Seaview Nursing Home

The home has been marketed throughout the Administration and the marketing continued after the home was closed. Unfortunately no interest has been shown and the bank have taken the decision to appoint LPA Receivers to manage the marketing of the property

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the director. We have complied with our duties in this respect.

Investigations completed and action taken

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

11. CONCLUSION

As previously mentioned in the Company's proposals until the care home was sold we could not estimate the total amount which the secured creditor of the Company was likely to receive. As the home has ceased trading it is clear that there is no prospect that there will be sufficient surplus to enable a distribution to creditors.

For that reason the Administration period came to an automatic end in accordance with Section 85 of Schedule B1 following the 12 month anniversary and the property will now be dealt with by way of an LPA Receivership.

This is the final communication to be issued by the Joint Administrators, but should any creditor require further information please contact my colleague David Childe.



J N R Pitts

Joint Administrator

Date 4 May 2012

**A & R Healthcare Ltd
(In Administration)**

**Income and Expenditure Account
04 May 2011 to 03 May 2012**

INCOME

Total (£)

Sales	258,263 14
Bank Funding Advance	70,000 00
	328,263.14

EXPENDITURE

Purchases (1)	22,823 79
Sub Contractors	9,363 59
Direct Labour	254,929 46
Rates	1,178 31
Heat & Light	10,983 37
Travel	202 95
Telephone	1,984 15
Professional Fees	1,279 40
Bank Charges	546 00
Hire of Equipment	2,965 24
Repairs & Maintenance	7,977 12
Advertising	535 20
Stationery	381 75
Postages	125 04
Waste / Hygiene	3,617 01
Statutory Registration	3,383 60
RoT Creditors	459 60
Training	1,194 00
Security	340 00
Specific Bond	80 00
Office Holders Expenses	399 68
Agents/Valuers Fees (1)	600 00
Statutory Advertising	91 80
Other Property Expenses	1,240 00

326,681.06

Balance

1,582.08

MADE UP AS FOLLOWS

Vat Receivable	95 95
Bank 2 Current	2,257 97
Trade Creditors	(110 00)
Petty Cash	(619 43)
3rd Party monies	(42 41)

1,582.08

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986

- (i) The Joint Administrators continue to manage the affairs and property of the Company in such a manner as they consider expedient with a view to achieving the purposes for which the Company was placed into Administration,
- (ii) If the Joint Administrators consider it appropriate, they apply to Court under the provisions of Paragraph 76(2)(A) of Schedule B1 to The Insolvency Act 1986 for an order that their term of office be extended,
- (iii) The Joint Administrators be authorised to draw remuneration in accordance with the detailed analysis provided in accordance with Statement of Insolvency Practice 9, appended to this report,
- (iv) The Joint Administrators future costs be drawn on a time costs basis in accordance with the hourly charge out rates appended to this report,
- (v) The Administrators be authorised to apply provisions at Paragraph 83 of Schedule B1 to The Insolvency Act 1986, enabling the Company to move from Administration to Creditors Voluntary Liquidation in the event of there being sufficient funds to distribute to unsecured creditors. It is proposed that the Administrators be appointed Joint Liquidators. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made before the proposals are approved,
- (vi) The Administrators be authorised to apply provisions at Paragraph 84 of Schedule B1 to The Insolvency Act 1986 enabling the Company to move from Administration to Dissolution in the unlikely event that there are no funds to distribute to unsecured creditors,
- (vii) The Joint Administrators be empowered by creditors to do all such things and generally exercise their powers as they in their discretion consider desirable or expedient in order to achieve the purposes of the Administration,
- (viii) In accordance with Paragraph 98 of Schedule B1 of The Insolvency Act 1986, the Joint Administrators be discharged from liability upon filing of the Notice of Conclusion of the Administration pursuant to either Paragraphs 83 or 84 of Schedule B1 of The Insolvency Act 1986

[illegible]