

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A7KTQYJ6
A16 15/12/2018 #147
COMPANIES HOUSE

1 Company details

| | |
|----------------------|------------------------------------|
| Company number | 0 6 8 8 2 6 2 2 |
| Company name in full | Orchard Care Homes.com (5) Limited |

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

| | |
|------------------|---------|
| Full forename(s) | Sarah |
| Surname | Rayment |

3 Administrator's address

| | |
|----------------------|--------------|
| Building name/number | 55 |
| Street | Baker Street |
| | London |
| Post town | |
| County/Region | |
| Postcode | W 1 U 7 E U |
| Country | |

4 Administrator's name *

| | |
|------------------|--------|
| Full forename(s) | Kerry |
| Surname | Bailey |

* Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address *

| | |
|----------------------|------------------|
| Building name/number | 3 Hardman Street |
| Street | Spinningfields |
| | |
| Post town | Manchester |
| County/Region | |
| Postcode | M 3 3 A T |
| Country | |

* 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 1 5 | m 0 5 | y 2 0 1 8 |
| To date | d 1 4 | m 1 1 | y 2 0 1 8 |

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

[Handwritten Signature]

X

Signature date

d 1 3 m 1 2 y 2 0 1 8

AM10

Notice of administrator's progress report



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 **Sarah Rayment**

Company name **BDO LLP**

Address **5 Temple Square**

Temple Street

Post town **Liverpool**

County/Region

Postcode **L 2 5 R H**

Country

Dx

Telephone **01512 374 500**



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.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Orchard Care Homes.com (5) Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

| Statement of Affairs £ | From 15/05/2018 To 14/11/2018 £ | From 15/05/2018 To 14/11/2018 £ |
|------------------------------|---------------------------------------|---------------------------------------|
| | FIXED CHARGE ASSETS | |
| | Leasehold Property | 1.00 |
| | Goodwill | 1.00 |
| | Intellectual Property | 1.00 |
| | Customer Contracts | 1.00 |
| | Sellers Records | 1.00 |
| | | <u>5.00</u> |
| | ASSET REALISATIONS | |
| 21,000.00 | Furniture & Equipment | 10,750.00 |
| 256,919.00 | Book debts | 1.00 |
| 141,172.00 | Cash at Bank | 217,840.84 |
| 98,021.00 | Intercompany Debt | 98,020.76 |
| | Legal Retainer | 10,204.20 |
| | Interest Gross | 162.14 |
| | Sundry Refunds | 118.26 |
| | | <u>337,097.20</u> |
| | COST OF REALISATIONS | |
| | Property Agents' Fees & Disbs | 6,250.00 |
| | Agents' Fees & Disbs | 2,660.95 |
| | Bank Charges | 29.10 |
| | | <u>(8,940.05)</u> |
| | UNSECURED CREDITORS | |
| (1,027,503.00) | Trade & Expense Creditors | <u>NIL</u> |
| | | <u>NIL</u> |
| | DISTRIBUTIONS | |
| (101.00) | Ordinary Shareholders | <u>NIL</u> |
| | | <u>NIL</u> |
| <u>(510,492.00)</u> | | <u>328,162.15</u> |
| | REPRESENTED BY | |
| | Input VAT | 1,782.19 |
| | Floating Current Account | 326,379.96 |
| | | <u>328,162.15</u> |

TO ALL KNOWN CREDITORS AND MEMBERS

13 December 2018

Our Ref 0083383/KB/DF/C2

Please ask for: David Forster
Tel: 0151 237 4530
Email: BRCMT@bdo.co.uk

Dear Sirs

Orchard Care Homes.com (5) Limited ('OCHL5') - In Administration ('the Company')

It is now approximately six months since my appointment in respect of the Company. In accordance with Rule 18.6 of the Insolvency (England and Wales) Rules 2016, I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration for the period from 15 May 2018 to 14 November 2018 ('the Period').

1 Statutory Information

The Joint Administrators are Sarah Rayment (officeholder number: 9162) of BDO LLP, 55 Baker Street, London, W1U 7EU, licensed and authorised by the Insolvency Practitioners Association in the UK and Kerry Bailey (officeholder number: 8780) of BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT authorised by the Institute of Chartered Accountants in England & Wales in the UK. The Joint Administrators were appointed in respect of the Company on 15 May 2018.

Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or by both of them.

The Joint Administrators were appointed by the Landlords of the Company, in their capacity as a qualified floating charge holder, pursuant to Paragraph 14 of Schedule B1 to the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice Chancery Division Companies Court and the court case number is 004019 of 2018.

The Company's registered office is situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT and the registered number is 06882622.

2 Sale of Business and Assets

As detailed in my previous report the Company operated two residential care homes, Haslingden Hall and Lodge ('Haslingden') and Norton Lees Hall and Lodge ('Norton Lees') under formal leases with Hollyblue Healthcare (Haslingden) Limited and Hollyblue Healthcare (Chorley and Norton Lees) Limited ("the Landlords").

The Joint Administrators appointed Lucina Care Limited ('Lucina'), specialist care home operators, to operate the care homes.

The Joint Administrators have entered into separate tri-partite operational agreements for each care home with Lucina and two special purchase vehicles ('SPV's') set up by the Landlords.

Under the terms of the operational agreements, the SPV's and Lucina are responsible for all financial and operational aspects of the care homes. The SPV's bear the cost of trading the homes during the Administration.

The Joint Administrators have also entered into a funding agreement with the Landlords to cover the costs and expenses of the Administration.

As detailed in my previous report, it was agreed that the SPV's would acquire the business and assets of the Company under a conditional sale agreement (upon CQC registration being granted).

Haslingden

A sale of the business and assets of Haslingden completed on 28 September 2018 to Haslingden Hall and Lodge Limited (one of the SPV's). The consideration paid is as follows:

| | |
|------------------------------|----------------|
| Goodwill | 1 |
| Furniture and equipment | 10,750 |
| Seller's records | 1 |
| Customer contracts | 1 |
| Intellectual property | 1 |
| Post- appointment book debts | 1 |
| Leasehold property | 1 |
| Total | £10,756 |

The Joint Administrators instructed Lambert Smith Hampton to undertake a valuation of the chattel assets.

Lambert Smith Hampton valued the chattel assets at £5,750 on a forced sale basis and recommended the offer detailed above should be accepted.

Norton Lees

A sale of the business and assets of Norton Lees has been agreed and is due to complete within the next few weeks to Norton Lees Hall and Lodge Limited (one of the SPV's). The consideration that will be paid is as follows:

| | |
|------------------------------|----------------|
| Goodwill | 1 |
| Furniture and equipment | 10,250 |
| Seller's records | 1 |
| Customer contracts | 1 |
| Intellectual property | 1 |
| Post- appointment book debts | 1 |
| Leasehold property | 1 |
| Total | £10,256 |

The Joint Administrators instructed Lambert Smith Hampton to undertake a valuation of the chattel assets.

Lambert Smith Hampton valued the chattel assets at £5,250 on a forced sale basis and recommended the offer detailed above should be accepted.

3 Receipts & Payments

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £328,162, together with a copy of my summary account covering the Period, and report as follows:

Receipts

The receipts shown are largely self-explanatory, although I would comment specifically on the following:

Cash at Bank

As at the date of appointment, OCHL5 had £217,841 in its RBS bank account. This has been transferred to the Administration bank account.

Intercompany Debt

A total of £98,021 was received from Indigo Care Service during the Period in relation to an intercompany debt.

Legal Retainer

Prior to our appointment the Company had paid a retainer to Womble Bond Dickinson for legal advice. Womble Bond Dickinson has refunded £10,204 in this respect.

Payments

The payments shown are largely self-explanatory. The payments made in relation to property agents' fees and agents' fees are discussed in the 'Costs in the Administrations' section of my report.

4 Costs in the Administration

I additionally provide a summary of the professional fees and other expenses, which have been paid in the Period, the costs, which have been accrued and not yet paid, and the costs that are anticipated.

| Professional Fees and Expenses | Accrued £ | Paid £ | Anticipated £ |
|---|------------------|-----------------|------------------|
| GVA Grimley Limited - Property Agents | 1,000.00 | 1,000.00 | - |
| Cushman & Wakefield - Property Agents | 4,000.00 | 4,000.00 | - |
| CBRE Limited - Property Agents | 1,250.00 | 1,250.00 | - |
| Lambert Smith Hampton - Chattel Agents Fees & Disbursements | 2,660.95 | 2,660.95 | - |
| CMS Cameron McKenna Nabarro Olswang LLP - Legal Fees | 56,220.50 | - | 9,000.00 |
| Total | 65,381.45 | 8,910.95 | 9,000.00 |

Agent's Fees

GVA Grimley Limited & CBRE Limited

GVA Grimley Limited & CBRE Limited were instructed by the Joint Administrators to provide valuations of the Company interest in the leasehold properties.

Cushman & Wakefield

The Joint Administrators instructed Cushman & Wakefield to provide a Red-Book valuation of the leasehold interests of the Company.

Lambert Smith Hampton

Lambert Smith Hampton was instructed by the Joint Administrators to value the chattel assets of the Company.

I can confirm that the fees charged by the agents are in line with the original estimate to the Joint Administrators.

Legal Fees

CMS Cameron McKenna Nabarro Olswang LLP ('CMS')

CMS was instructed by the Joint Administrators to provide assistance with preparing the operational and funding agreements, the sales contracts, appointment documents and also to provide general legal advice in respect of the Administration.

I can confirm that the fees charged by the solicitors are in line with the original estimate to the Joint Administrators.

5 Trading

The Joint Administrators undertook an immediate review of the Company's affairs in regards to their financial and resource requirements upon appointment. This assessment was carried out in conjunction with Lucina.

The Company continued to trade following the Joint Administrators' appointment until the sales detailed in Section 2 above completed.

6 Future of the Administration

Book debts

As at the date of appointment book debts totalling £134k were due and collectable. Under the terms of the operator's agreement Lucina has been undertaking the debt collection exercise. To date £83k has been collected and the funds are currently held by Lucina. Lucina are continuing to pursue the remaining balances.

7 Investigations

The Joint Administrators have a duty to investigate the affairs of the Company to establish if there any actions that can be pursued for the benefit of investors and creditors as a whole, including investigations into the conduct of the Company officers (including de facto and shadow officers).

In this latter respect, the Joint Administrators must submit a confidential report to the Secretary of State regarding the conduct of all directors and shadow directors during three years preceding the Administration appointments and a report has been submitted.

If any investor or creditor holds any information that they wish to bring to our attention, which may assist us in the Administrations or which they believe merits further information, they should contact the Joint Administrators c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH.

8 Extension of Administration

The Administration order for the Company is due to automatically expire on 15 May 2019 unless extended by approval of the creditors or the court.

It is currently anticipated that the Joint Administrators will seek the approval of the creditors to extend the Administration to enable the matters detailed in this report to be finalised.

9 Prospects for Creditors

Secured Creditors

As detailed in the Joint Administrators' proposals, the Landlords have the benefit of debentures conferring fixed and floating charges over the Company and their undertakings, which were both created on 18 March 2013. The Landlords also have the benefit of two Rent Deeds in respect of the Company, which was created on 19 March 2013.

As at the Joint Administrators appointment, the Landlords were owed £291,399.50 for unpaid rent up to March 2018. Further rent liabilities and other costs have accrued and not been paid since March 2018. The Landlords are expected to suffer a shortfall in respect of the liabilities due from the Company.

Preferential Creditors

Preferential claims are defined as monies owed to former employees in respect of areas of wages and accrued holiday pay at the date of the Administration.

No preferential claims are anticipated.

Unsecured Creditors & Prescribed Part

To date, unsecured creditor claims of £144,830 have been received.

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of that company must be made available purely for the unsecured creditors.

The Company has granted a floating charge to a creditor after 15 September 2003, therefore, the prescribed part will apply.

Based on current information there is expected to be a dividend distribution to the unsecured creditors in respect of the prescribed part. Further detail will be provided to creditors once the asset realisations are complete.

10 Pre-Administration Costs

As previously reported, BDO LLP incurred certain costs in preparing and planning for the Administrations. Creditors may, under Rule 3.52 of the Rules, approve those costs to be paid from the Administration estates, as an expense of the Administration.

Allowable pre-appointment costs fall into the following categories:

- (i) The fees charged by the Joint Administrators firm;
- (ii) The expenses incurred by the Joint Administrators firm;
- (iii) The fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner.

Summarised in the following table is a summary of the time spent prior to the Joint Administrator's formal appointment.

| | Costs Incurred (£) | Payments Received (£) | Costs Outstanding (£) |
|--------------|--------------------|-----------------------|-----------------------|
| (i) | 21,656.70 | 12,500.00 | Nil |
| (ii) | 245.00 | 245.00 | Nil |
| (iii) | Nil | Nil | Nil |
| TOTAL | 21,901.70 | 12,745.00 | Nil |

In respect of the fees and expenses incurred by the Joint Administrators prior to the Administration appointment, these were subject to formal engagements with the Company, dated 27 April 2017, which set out that our fees would be based on time costs. The engagements also provided for the proposed Administrators to engage other specialists to assist, where necessary, on such reasonable terms as we could negotiate.

(i) The fees charged by the Joint Administrators

The Joint Administrators have capped their pre appointment fees at £12,500 plus VAT and disbursements. The pre-appointment fees have been paid directly by the Landlords.

(ii) The expenses incurred by the Joint Administrators

In preparation for the Administrations, £245 of travel disbursements and expenses have been paid directly by the Landlords.

(iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and, if more than one, by each separately)

The Joint Administrators are not aware of any other person qualified to act as an Insolvency Practitioner having acted in relation to the Company immediately preceding the appointments of the Joint Administrators.

As detailed in the Joint Administrators' proposals, no decision process was arranged in respect of the pre-administration costs. This is due to the fact the only funds available to issue a distribution to creditors is by way of the prescribed part, which is referred to in Section 8 of this report.

The pre-appointment fees and expenses have been paid directly by the Landlords.

11 Joint Administrators' Remuneration

The Joint Administrators were obliged to fix their remuneration in accordance with Rule 18.16. This permits remuneration to be fixed either:

- (1) As a percentage of the assets realised and distributed; and/or
- (2) By reference to the time the Joint Administrators and the staff have spent attending to matters in the Administration; and/or
- (3) As a set amount; and/or
- (4) As a combination of the above.

In respect of this Administration, the Joint Administrators will ask the secured and preferential creditors to approve their remuneration on a time-cost basis.

I attach a schedule detailing the time costs incurred to date. The schedule covers the Period and records time costs of £57,006, which represents 241 hours at an average charge out rate of £237 per hour.

Also attached, is the Joint Administrators' Fees Estimate annotated with a column showing the time costs accrued in respect of each activity, together with a description of the work undertaken.

For guidance, I enclose 'A creditors' guide to Administrators fees', together with a document that outlines the policy of BDO LLP in respect of fees and disbursements

12 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. Category 1 disbursements of £137 have accrued in the Period.

Some Administrators recharge expenses, for example printing, photocopying and telephone costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn, and these are known as category 2 disbursements.

The policy of BDO LLP in respect of this appointment is not to charge any category 2 disbursements with the exception of mileage on the basis of the mileage scale approved by HMRC, being 45p per mile unless otherwise disclosed to the creditors. Category 2 disbursements totalling £79 have accrued in the Period.

Total disbursements of £216 have been incurred in the Administration as detailed below:

| | Cat. 1 (£) | Cat. 2 (£) | Total (£) |
|---------------------|------------|------------|-----------|
| Bonding | 100.00 | - | 100.00 |
| Staff Disbursements | 36.82 | - | 36.82 |
| Mileage | - | 78.76 | 78.76 |
| Total | 136.82 | 78.76 | 215.58 |

To date, no disbursements have been drawn.

13 Creditor rights and enquiries

Creditors with the concurrence of at least 5% in value of the unsecured creditors may within 21 days of this report request in writing further information regarding the remuneration and expenses set out in this report. In accordance with Rule 18.9(3) of the Rules within 14 days of a request we will provide further information or explain why further information is not being provided. Creditors may access information setting out creditors' rights in respect of the approval of Administrator's remuneration at <https://www.r3.org.uk/what-we-do/publications/professional/fees>.

Creditors with the concurrence of at least 10% of the creditors may apply to the court if they consider that the remuneration of the administrators, or the basis fixed for the remuneration of the administrator or expenses charged by the administrator are excessive (Rule 18.34 of the Rules). Such an application must be made within 8 weeks of receiving this draft report. The text of Rules 18.9 and 18.34 are set out at the end of this report.


The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

Creditors may access information setting out creditors' rights in respect of the approval of Joint Administrators' remuneration at <https://www.r3.org.uk/what-we-do/publications/professional/fees>.

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 <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

If you require any further information, please contact me or my colleague David Forster at BRCMT@bdo.co.uk.

Yours faithfully
For and on behalf of
Orchard Care Homes.com (5) Limited



Sarah Rayment
Joint Administrator
Authorised by the Insolvency Practitioners Association in the UK

Enclosures
Receipts & Payments Accounts
Detailed SIP 9 Time Costs for the Period
Fee Estimate to Accrued Time Comparison
BDO LLP in respect of Fees & Disbursement.
Statement of Creditors' Rights in respect of Fees and Disbursements

Orchard Care Homes.com (5) Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

| Statement of Affairs £ | | From 15/05/2018 To 14/11/2018 £ | From 15/05/2018 To 14/11/2018 £ |
|------------------------------|-------------------------------|---------------------------------------|---------------------------------------|
| | FIXED CHARGE ASSETS | | |
| | Leasehold Property | 1.00 | 1.00 |
| | Goodwill | 1.00 | 1.00 |
| | Intellectual Property | 1.00 | 1.00 |
| | Customer Contracts | 1.00 | 1.00 |
| | Sellers Records | 1.00 | 1.00 |
| | | <u>5.00</u> | <u>5.00</u> |
| | ASSET REALISATIONS | | |
| 21,000.00 | Furniture & Equipment | 10,750.00 | 10,750.00 |
| 256,919.00 | Book debts | 1.00 | 1.00 |
| 141,172.00 | Cash at Bank | 217,840.84 | 217,840.84 |
| 98,021.00 | Intercompany Debt | 98,020.76 | 98,020.76 |
| | Legal Retainer | 10,204.20 | 10,204.20 |
| | Interest Gross | 162.14 | 162.14 |
| | Sundry Refunds | 118.26 | 118.26 |
| | | <u>337,097.20</u> | <u>337,097.20</u> |
| | COST OF REALISATIONS | | |
| | Property Agents' Fees & Disbs | 6,250.00 | 6,250.00 |
| | Agents' Fees & Disbs | 2,660.95 | 2,660.95 |
| | Bank Charges | 29.10 | 29.10 |
| | | <u>(8,940.05)</u> | <u>(8,940.05)</u> |
| | UNSECURED CREDITORS | | |
| (1,027,503.00) | Trade & Expense Creditors | <u>NIL</u> | <u>NIL</u> |
| | | <u>NIL</u> | <u>NIL</u> |
| | DISTRIBUTIONS | | |
| (101.00) | Ordinary Shareholders | <u>NIL</u> | <u>NIL</u> |
| | | <u>NIL</u> | <u>NIL</u> |
| <u>(510,492.00)</u> | | <u>328,162.15</u> | <u>328,162.15</u> |
| | REPRESENTED BY | | |
| | Input VAT | | 1,782.19 |
| | Floating Current Account | | 326,379.96 |
| | | | <u>328,162.15</u> |

Detail of Time Charged and Rates Applicable for the Period From 12/05/2018 to 14/11/2018

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | GRAND TOTAL | |
|----------------------------------|-------------|--------------|-------------|-----------------|-------------------|-----------------|----------------------|---------------|---------------|-----------------|-------------|---------|--------------|------------------|
| | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ |
| B. Steps on Appointment | | | | | | | | | | | | | | |
| 02. Statutory Documentation | | | 3.20 | 1,056.60 | 10.75 | 2,225.25 | 2.05 | 238.25 | 9.75 | 655.75 | | | 25.75 | 4,175.85 |
| 04. Meet Directors Debtors etc. | | | 3.25 | 1,082.25 | | | | | | | | | 3.25 | 1,082.25 |
| 07. Attendance at Premises | | | | | 8.45 | 1,749.15 | | | 8.50 | 1,496.00 | | | 16.95 | 3,245.15 |
| 08. Detail Documentation Review | 0.10 | 53.30 | | | | | | | | | | | 0.10 | 53.30 |
| 09. Preparation of Proposals | | | 3.10 | 622.00 | | | | | 7.40 | 501.30 | | | 10.50 | 1,123.30 |
| 12. Setting up Internal Files | | | | | 2.40 | 496.80 | | | 1.40 | 93.80 | | | 3.80 | 590.60 |
| sub total - | 0.10 | 53.30 | 9.55 | 2,760.85 | 21.60 | 4,471.20 | 2.05 | 238.25 | 27.05 | 2,746.85 | | | 60.35 | 10,270.45 |
| B. Steps on Appointment | | | | | | | | | | | | | | |
| D. General Administration | | | | | | | | | | | | | | |
| 02. VAT | | | | | 0.25 | 53.00 | | | 0.45 | 31.05 | | | 0.45 | 31.05 |
| 03. Taxation | | | | | | | | | | | | | 0.25 | 53.00 |
| 04. Instruct Lease Solicitors | | | 11.25 | 3,836.25 | 0.80 | 169.60 | | | | | | | 12.05 | 4,005.85 |
| 05. Investigations | | | 1.00 | 341.00 | | | | | | | | | 1.00 | 341.00 |
| 06. Conduct Reports | | | | | 0.60 | 127.20 | | | 1.95 | 226.20 | | | 2.55 | 353.40 |
| 07. Receipts Payments Accounts | | | 8.35 | 2,731.00 | 0.30 | 50.70 | 3.50 | 439.55 | 4.85 | 365.65 | 0.25 | 16.95 | 17.25 | 3,603.85 |

Detail of Time Charged and Rates Applicable for the Period From 12/05/2018 to 14/11/2018

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | GRAND TOTAL | |
|--------------------------------------|---------|------------|---------|------------|----------------------|------------|-------------------------|------------|---------------|------------|-------------|------------|-------------|------------|
| | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ |
| 08. Remuneration Issues | | | 1.00 | 341.00 | | | | | | | | | 1.00 | 341.00 |
| 09. Statutory Matters | | | 0.10 | 20.50 | | | 1.05 | 124.95 | 2.00 | 138.00 | | | 3.15 | 283.45 |
| 13. General Meetings | | | 0.75 | 249.75 | | | | | | | | | 0.75 | 249.75 |
| 15. Gen Admin Correspondence | 5.00 | 3,666.20 | 0.40 | 81.00 | 5.10 | 1,055.70 | 3.60 | 421.20 | 18.75 | 1,279.85 | | | 32.85 | 6,503.95 |
| sub total - | 5.00 | 3,666.20 | 22.85 | 7,600.50 | 7.05 | 1,456.20 | 8.15 | 985.70 | 29.00 | 2,040.75 | 0.25 | 16.95 | 71.30 | 15,766.30 |
| D. General Administration | | | | | | | | | | | | | | |
| E. Assets Realisation/Dealing | | | | | | | | | | | | | | |
| 06. Property Related Matters | | | 3.50 | 1,165.50 | 2.25 | 465.75 | | | | | | | 5.75 | 1,631.25 |
| 07. Debt Collection | | | 10.25 | 3,495.25 | | | | | | | | | 10.25 | 3,495.25 |
| 08. Dealing with Chattel Assets | | | 1.50 | 499.50 | | | | | | | | | 1.50 | 499.50 |
| 09. Dealing with other Assets | | | 1.00 | 341.00 | | | | | | | | | 1.00 | 341.00 |
| 12. Retention of Title | | | | | 2.35 | 489.95 | | | | | | | 2.35 | 489.95 |
| 14. Sale of Business Assets | 1.50 | 1,121.00 | 12.00 | 4,028.00 | 7.70 | 1,593.90 | | | | | | | 21.20 | 6,742.90 |
| sub total - | 1.50 | 1,121.00 | 28.25 | 9,529.25 | 12.30 | 2,549.60 | | | | | | | 42.05 | 13,199.85 |
| E. Assets Realisation/Dealing | | | | | | | | | | | | | | |
| F. Trading Related Matters | | | | | | | | | | | | | | |
| 01. Establish Business Control | 1.00 | 741.00 | | | | | | | | | | | 1.00 | 741.00 |

Detail of Time Charged and Rates Applicable for the Period From 12/05/2018 to 14/11/2018

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | GRAND TOTAL | |
|--------------------------------|---------|---------|---------|----------|-------------------|----------|----------------------|---------|---------------|---------|-------------|---------|-------------|----------|
| | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ |
| 06. Monitor Supervise Trading | | | 4.25 | 1,415.25 | | | | | | | | | 4.25 | 1,415.25 |
| 08. Trading Accounts | 0.10 | 53.30 | 7.75 | 2,612.75 | 0.50 | 106.00 | | | | | | | 8.35 | 2,772.05 |
| 99. Other Matters | | | | | 2.20 | 458.90 | | | | | | | 2.20 | 458.90 |
| sub total - | 1.10 | 794.30 | 12.00 | 4,028.00 | 2.70 | 564.90 | | | | | | | 15.80 | 5,387.20 |
| F. Trading Related Matters | | | | | | | | | | | | | | |
| G. Employee Matters | | | | | | | | | | | | | | |
| 02. Dealing with Employees | | | 3.75 | 1,248.75 | 1.15 | 238.05 | | | 0.50 | 90.00 | | | 5.40 | 1,576.80 |
| sub total - | | | 3.75 | 1,248.75 | 1.15 | 238.05 | | | 0.50 | 90.00 | | | 5.40 | 1,576.80 |
| G. Employee Matters | | | | | | | | | | | | | | |
| H. Creditor Claims | | | | | | | | | | | | | | |
| 04. Non-Preferential Creditors | | | 0.20 | 40.00 | 9.95 | 2,059.65 | | | 9.95 | 726.75 | | | 20.10 | 2,826.40 |
| 99. Other Matters | | | | | 0.20 | 25.40 | | | | | | | 0.20 | 25.40 |
| sub total - | | | 0.20 | 40.00 | 10.15 | 2,085.05 | | | 9.95 | 726.75 | | | 20.30 | 2,851.80 |
| H. Creditor Claims | | | | | | | | | | | | | | |
| I. Reporting | | | | | | | | | | | | | | |
| 01. Statutory Reporting | | | 7.90 | 2,639.50 | 7.90 | 1,674.80 | | | | | | | 15.80 | 4,314.30 |
| 02. Reporting to Appointor | 1.00 | 741.00 | 6.50 | 2,216.50 | | | | | | | | | 7.50 | 2,957.50 |
| 04. Reporting to Creditors | | | 2.00 | 682.00 | | | | | | | | | 2.00 | 682.00 |

Detail of Time Charged and Rates Applicable for the Period From 12/05/2018 to 14/11/2018

[illegible]



Orchard Care Homes.com (5) Limited - In Administration

Fees Estimate to Accrued Time Comparison

Below is the Joint Administrators' Fees Estimate annotated with a column showing the time costs accrued in respect of each activity.

Fees Estimate as at 13 December 2018

| Joint Administrators' Fees | Total Hours | Blended Rate £ | Accrued Fee £ | Estimated Fee £ |
|-------------------------------|----------------|----------------------|---------------------|-----------------------|
| Summary Activity | | | | |
| A. Pre Appointment Matters | - | - | - | - |
| B. Steps on Appointment | 60.35 | 170.18 | 10,270.45 | 10,270.45 |
| C. Planning and Strategy | - | - | - | - |
| D. General Administration | 71.30 | 221.17 | 15,766.30 | 20,500.00 |
| E. Assets Realisation/Dealing | 42.05 | 313.91 | 13,199.85 | 19,500.00 |
| F. Trading Related Matters | 15.80 | 341.00 | 5,387.80 | 9,000.00 |
| G. Employee Matters | 5.40 | 292.00 | 1,576.80 | 2,500.00 |
| H. Creditor Claims | 20.30 | 140.48 | 2,851.80 | 8,500.00 |
| I. Reporting | 25.30 | 314.38 | 7,953.80 | 12,500.00 |
| J. Distribution & Closure | - | - | - | - |
| TOTAL | 240.50 | 237.03 | 57,006.20 | 82,770.45 |

Expenses Estimate

| | | |
|----------------------------------|-----------|-----------|
| Officeholder CAT 1 Disbursements | 136.82 | 450.00 |
| Officeholder CAT 2 Disbursements | 78.76 | 78.76 |
| Other Expenses | | |
| Agent's Costs | 8,910.95 | 8,910.95 |
| Solicitor's costs | 56,220.50 | 65,220.50 |

The fees that have accrued are within the level of the fees estimate and I do not anticipate exceeding the estimate in the Administrations.



Joint Administrators' Fees

Fees (remuneration) may be sought on four different bases and a guide for creditors is attached. The four bases are - a time costs basis; a percentage of the assets realised; fixed amount; or a combination of the first three bases. In these Administrators, the Joint Administrators wish to fix the basis of their remuneration on a time costs basis.

Where possible I will delegate work to my staff and by this expedient the work is conducted by suitably qualified and experienced members of staff at different hourly costs. The current charge out rates per hour of staff within my firm's Reading office is below:

| GRADE | £ |
|----------------------|----------|
| Partner | 520-741 |
| Manager | 229-572 |
| Assistant Manager | 207-295 |
| Senior Administrator | 195-295 |
| Administrator | 67-249 |
| Other Staff | 37-102 |

These rates are confirmed in an attached document which sets out my firm's policy on time costs and expenses. My firm's hourly time costs rate are reviewed on a regular basis each year and adjusted to take account of inflation and the firm's overheads.

I have estimated the time I and my staff will spend in respect of the following areas of work in respect of this insolvency. Below I provide the primary work that will be undertaken by the Joint Liquidators and their staff.

A Pre Appointment

We have attended meetings with key stakeholders, reviewed initial information, provided advice regarding options available and considered the ethical, technical, practical and legal requirements relevant to the appointment. This work was led by me as the partner together with a senior manager, with occasional support from staff at manager and executive level.

B Steps upon Appointment

Reviewing appointment and statutory documents, collating information from the Company's books and records, setting up internal files. Complying with all statutory matters following appointment in accordance with the Insolvency Act 1986. This work is primarily led by a director or senior manager with the majority of work delegated to staff below manager.

C Planning and Strategy

Reviewing historic records and business performance. Establishing the current financial position and reviewing the business processes and systems. Liaising with key stakeholders and any committee. Engaging with specialists and planning overarching strategy. This area of work is led by me as partner in conjunction with a director or senior manager, with some support below manager level in documenting and recording proposed strategy.

D General Administration

Reviewing and regularising affairs regarding Insurance, VAT, and Taxation, undertaking investigation regarding the conduct of the directors and reporting thereon*, investigations into the affairs and transactions of the entity. The work contemplated does not at this time include forensic examination of records and transactions. It will also include recovery and storage of

entities books and records, and includes engaging and liaising with solicitors. This will also include preparing reports on receipts & payments, ensuring appropriate approval of all costs including approval of remuneration and matching costs of specialists against their expense estimates, dealing with statutory*, regulatory* and licensing matters, managing formal contractual matters regarding the entity, including property leases, and licences, dealing with Press enquiries and PR matters and managing general administrative matters*, basic enquiries* and meetings*.

The majority of this work requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is delegated largely to executives with suitable levels of experience, supervised by directors or managers.

Issues marked with an asterisk (*) will not contribute to the financial outcome for the creditors but are statutory or regulatory duties imposed on the office holder.

E Asset Realisation/Management

Identifying and controlling recorded assets, evaluating strategy on realising assets and reconciling recoveries, agreeing strategies and monitoring implementation.

This area of work requires a greater level of commercial experience and insolvency knowledge, than the general administration category of work, together with decision-making skills. The work is led at senior manager level supported by executives with suitable competencies and almost equal numbers of hours are spent by the two groups. My managers liaise with me as the partner and escalate major decisions to me.

F Trading Related Matters

This included overseeing the trading of the care homes which was undertaken by Lucina, reconciling and monitoring cash receipts into the Company's pre-appointment bank accounts, transferring trading receipts to Lucina.

G Employee Matters

There are likely to be issues that relate to the formers employees of the Company. The estimate includes corresponding with and assisting the employees with their claims. Computing and processing and checking the employee claim and liaising with the Redundancy Payments Service, in relation to any non-transferred employees. Submitting notifications to the Pensions Regulator, liaising with scheme managers and the Pension Protection Fund and receiving claims. One factor not provided for, which may increase costs, is where employees submit claims to the Industrial Tribunal, especially where it is necessary to arrange representation at the Tribunal and engaging solicitor.

The majority of this work is carried out by specially trained insolvency staff with up to 90% of the work being processed below manager level. To estimate costs in respect of administering employee matters we generally consider the known number of employees and in this case we understand there was only one employee.

H Creditor Claims

Receiving and recording all creditor claims and where a dividend is likely, identifying whether additional supporting evidence is necessary from the creditor. Reviewing the validity of all claims submitted by creditors alleging they have security rights which would afford them a higher priority when funds are distributed. Considering and checking and recording all preferential claims. Considering and checking and recording all unsecured creditor claims. Identifying any claims which might be categorised as deferred claims. Taking legal advice where a creditor maintains a secured claim which is not supported by unequivocal evidence or where an unsecured claim is made which is significantly in excess of any value recorded by the insolvent entity and the claim is inadequately evidenced. No provision has been made for dealing with any creditor's claims where the matter is referred to Court.

The majority of this work is carried out experienced insolvency executives with up to 80% of the work being processed below manager level. To estimate costs in respect of administering creditor claims we consider the volume of known creditors and the nature of the insolvent entities business.

I Reporting

Preparing periodic progress reports to creditors regarding the progress achieved, including preparation of Receipts & Payments Accounts, a suitable analysis of time costs accrued and a review of actual costs and accrued costs as against this fees and expense estimate. At the time this estimate was prepared no information was available regarding whether creditors were going to appoint a committee, if a committee is appointed there will be additional reports, which have not currently been budgeted for.

The Director or Senior Manager is responsible for leading the reporting and delegating the production of the accounts, fee analysis and comparison with estimates to suitably experienced executives. The ratio of time spent on reporting is generally that executive hours are twice as many as those of the Director or Senior Manager. Much of the basic accounting and analysis is conducted by various grades of Executives. In estimating costs in respect of reporting we have formed a view of the duration of the insolvency and estimated how many reports will be required.

J Distribution and Closure

Giving notice to relevant creditors to prove their claims, adjudicating upon the claims issuing formal rejection of any relevant claims, dealing with any appeal to court concerning a rejected claim, establishing the distributable funds in the estate, calculating the dividend, issuing payment with suitable notification to creditors, reconciling payments and accounting for unclaimed dividends.

No provision is made for additional time costs for dealing with an appeal concerning a rejected cost because the likelihood of such an eventuality is small, although the costs could be significant). Preparing a final report to creditors together with a Receipts & Payments Accounts, analysis of time costs accrued and a review of actual costs compared to the fee and expense estimate. Completing all administrative arrangements including storage of any records for statutory periods. Filing final statutory documentation. 80% of this work is delegated to executive level staff. The work is supervised by directors and Senior Managers and final decisions and release of funds is authorised by the partner.

2 Expense Estimate

2.1 Category 1 Disbursements

Our estimate in respect of this heading covers expenses where the officeholders firm has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents, storage of original records of the insolvent estate. In each case the recharge will be reimbursement of a specific expense incurred.

2.2 Category 2 Disbursements

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

2.3 Agents' Costs

Agents were instructed to provide valuations of the Company's assets and are detailed in the main body of this report.

2.4 Solicitors costs

Solicitors were instructed to provide assistance with preparing the operational and funding agreements, the sales contracts, appointment documents and also to provide general legal advice in respect of the Administration.



Orchard Care Homes.com (5) Limited - In Administration

In accordance with best practice, I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows:

| GRADE | £ |
|----------------------|----------|
| Partner | 741-520 |
| Manager | 229-572 |
| Assistant Manager | 207-295 |
| Senior Administrator | 195-295 |
| Administrator | 67-249 |
| Other Staff | 37-102 |

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP are reviewed on a regular basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues.

Under each of the above categories, the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on, a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

1) Other Costs

Where expenses are incurred in respect of the insolvent estate, they will be recharged. Such expenses can be divided into two categories.



2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case, the recharge will be reimbursement of a specific expense incurred.

3) Category 2

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP
13 December 2018



Statement from the Insolvency (England and Wales) Rules 2016 regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:

Creditors' and members' requests for further information in administration, winding up and bankruptcy

18.9.—(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14—

- (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—
- (a) providing all of the information requested;
 - (b) providing some of the information requested; or
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—
- (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Remuneration and expenses: application to court by a creditor or member on grounds that remuneration or expenses are excessive

18.34.—(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that—

- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
- (c) in a members' voluntary winding up—
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

Applications under rules 18.34 and 18.35 where the court has given permission for the application

18.36.—(1) This rule applies to applications made with permission under rules 18.34 and 18.35.

(2) Where the court has given permission, it must fix a venue for the application to be heard.

(3) The applicant must, at least 14 days before the hearing, deliver to the office-holder a notice stating the venue and accompanied by a copy of the application and of any evidence on which the applicant intends to rely.

(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 office-holder is entitled to charge;
- (b) an order reducing any fixed 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 is not to be treated as expenses of the administration, winding up or bankruptcy;
- (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
 - (i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or
 - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
- (f) any other order that it thinks just.



(5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.

(6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration, winding up or bankruptcy.

Applications under rule 18.34 where the court's permission is not required for the application

18.37.—(1) On receipt of an application under rule 18.34 for which the court's permission is not required, the court may, if it is satisfied that no sufficient cause is shown for the application, dismiss it without giving notice to any party other than the applicant.

(2) Unless the application is dismissed, the court must fix a venue for it to be heard.

(3) The applicant must, at least 14 days before any hearing, deliver to the office-holder a notice stating the venue with a copy of the application and of any evidence on which the applicant intends to rely.

(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 office-holder is entitled to charge;

(b) an order reducing any fixed 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 or winding up or bankruptcy;

(e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —

(i) the administrator or liquidator or the administrator's or liquidator's personal representative to the company, or

(ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;

(f) any other order that it thinks just.

(5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.

(6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration or as winding up or bankruptcy.