

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A08 *A82C8WTX* 30/03/2019 #175
COMPANIES HOUSE

1 Company details

Company number 0 8 5 1 2 9 3 1

Company name in full Canary Care Limited

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

2 Administrator's name

Full forename(s) Sandra Lillian

Surname Mundy

3 Administrator's address

Building name/number The White Building

Street 1-4 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 N P

Country

4 Administrator's name ^①

Full forename(s) Alan Peter

Surname Whalley

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ^②

Building name/number The White Building

Street 1-4 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 N P

Country

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | | | | | | | | | |
|-----------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| From date | d | 3 | d | 1 | m | 0 | m | 8 | y | 2 | y | 0 | y | 1 | y | 8 |
| To date | d | 2 | d | 7 | m | 0 | m | 2 | y | 2 | y | 0 | y | 1 | y | 9 |

7 Progress report

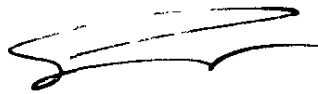
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X


| | | | | | | | | | | | | | | | | |
|----------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Signature date | d | 2 | d | 8 | m | 0 | m | 3 | y | 2 | y | 0 | y | 1 | y | 9 |
|----------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Canary Care Limited
(In Administration)
High Court 7993 of 2018
Joint Administrators' Summary of Receipts and Payments

| Statement of affairs £ | | From 31 August 2018 To 5 October 2018 £ | From 31 August 2018 To 27 February 2019 £ | Cumulative Total From 31 August 2018 To 27 February 2019 £ |
|---------------------------|--|---|---|---|
| RECEIPTS | | | | |
| 4,000 | Goodwill | 4,000 00 | - | 4,000 |
| 20,000 | Intellectual Property | 20,000 00 | - | 20,000 |
| 800 | Plant & Machinery | 800 00 | - | 800 |
| 100 | Furniture & Equipment | 100 00 | - | 100 |
| 40,000 | Stock | 40,000 00 | - | 40,000 |
| 5,000 | Contracts / WIP | 5,000 00 | - | 5,000 |
| 11,333 | Book Debts | - | 9,796 | 9,796 |
| 100 | Share in Subsidiary | 100 00 | - | 100 |
| 1,000 | Prepayments | - | 928 | 928 |
| 830 | Canary Care Global Limited Debtors (1) | - | 16,077 | 16,077 |
| 77 | Stripe Account | - | 990 | 990 |
| 12,271 | Cash at Bank | 9,207 16 | 3,892 | 13,099 |
| | Licence Fee | 2,317 62 | - | 2,318 |
| | Contribution to Wages | 9,588 56 | - | 9,589 |
| | Canary Care Bank Interest | 0 | 10 | 10 |
| | Bank Interest Gross | 0 | 10 | 10 |
| 14,753 | Trust funds (2) | 14,753 30 | 7,442 | 7,442 |
| | | <u>105,866 64</u> | <u>39,144</u> | <u>130,258</u> |
| PAYMENTS | | | | |
| | Specific Bond | - | (240) | (240) |
| | Pre-Appointment Fees | - | (29,000) | (29,000) |
| | Joint Administrators Fees | - | (24,500) | (24,500) |
| | Joint Administrators' Expenses | - | (51) | (51) |
| | Marketing Costs | (195) | - | (195) |
| | Payroll Fees - Scrutton Bland | - | (49) | (49) |
| | Legal Fees - Mills & Reeve | - | (9,059) | (9,059) |
| | Stationery & Postage | - | (28) | (28) |
| | Pension Contribution | - | (708) | (708) |
| | Statutory Advertising | - | (248) | (248) |
| | Rents Payable | (1,931 35) | - | (1,931) |
| | Canary Care Global Limited Debtors | - | (8,008) | (8,008) |
| | Insurance of Assets | (112 00) | - | (112) |
| | August 2018 Payroll - Wages | (17,588 56) | - | (17,589) |
| | Bank Charges - Canary Care Barclays | - | (21) | (21) |
| | | <u>(19,826 91)</u> | <u>(71,911)</u> | <u>(91,738)</u> |
| | BALANCE | <u>86,039.73</u> | <u>(32,767)</u> | <u>38,519</u> |
| MADE UP AS FOLLOWS | | | | |
| | Interest Bearing Current Account | 70,861 | (52,785) | 18,076 |
| | Trust Account | 14,753 | (7,312) | 7,443 |
| | VAT Receivable / (Payable) | 725 | - | - |
| | Vat Control Account | - | 13,000 | 13,000 |
| | | <u>86,340</u> | <u>(47,097)</u> | <u>38,519</u> |

Notes

- As mentioned, some former customers of the Company, which have been transferred to the purchaser have paid into the former Company's bank account. We collected them on the buyer's behalf and are not included in the distributable funds.
- Trust funds relate to prepayments received by the Company for services to be rendered after the administration being commenced. As a consequence, those funds will be released to the purchaser on a monthly basis once the service will be provided to customers, therefore are not included in the distributable funds.


Sandra Lillian Mundy
Joint Administrator

Canary Care Limited in Administration

Progress report pursuant to Part 18 of the Insolvency Rules 2016



Canary Care Limited in Administration
Progress Report dated 27 February 2019

Summary Information

| | |
|--|--|
| Court | High Court of Justice, Court No. 7339 of 2018 |
| The Company | Canary Care Limited |
| Registered Number | 08512931 |
| Registered Address | C/o James Cowper Kreston The White Building 1-4 Cumberland Place Southampton Hampshire SO15 2NP |
| Trading Address | Building D5 Chulham Science Centre Abingdon OX14 3Db |
| Activity of the Company | A technology service provider in the care sector |
| Date of the Administration | 31 August 2018 |
| Appointer Details | The director of the Company |
| Purpose of Administration Order | To achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) |
| Administrator Details | Sandra Mundy and Peter Whalley (IP No. 9441) (IP No. 6588) James Cowper Kreston The White Building 1-4 Cumberland Place Southampton SO15 2NP |
| Changes to Office Holders | N/A |
| Date of Approval of Proposals | Proposals were approved on 24 October 2018 at a virtual meeting of creditors. |
| Extensions to Administration period | N/A |
| End of Administration period | 30 August 2019 |
| Functions of the Joint Administrators | In accordance with Paragraph 100 (2) there are no functions, which must be exercised by both administrators acting jointly. All the administrators' functions may be exercised by either administrator acting alone, or by both administrators acting jointly. |
| Dividend Prospect | A dividend to unsecured creditors will be declared and paid when appropriate and when the Company is in creditors' voluntary liquidation ('CVL'). |

Introduction

This report has been prepared to provide creditors with an update on the progress of the Administration of Canary Care Limited ("the Company") for the period from 31 August 2018 to 27 February 2019.

The following attachments accompany this report:

| | |
|------------|--|
| Appendix A | Receipts and Payments Account |
| Appendix B | Statement of Remuneration and Expenses |
| Appendix C | Joint Administrators' Disbursements |

Progress during the period of this report

We set out in our proposals the purpose of achieving the administration which was realising the assets of the Company in order to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in administration.

Realisation of assets

Sale of Business

As previously reported prior to the administration the Board had been seeking a buyer for either the Company or its assets. The Board became increasingly concerned that it would not be able to achieve a sale prior to exhausting its available sources of finance. On the 14 May 2018 we had an initial meeting with Board and it was agreed that we would provide advice on the solvency of the entity and the options open to the Company should a formal insolvency procedure be required.

The Board continued to try to achieve a sale of the Company and indeed found an interested party to acquire the Company however, shareholders did not support the sale and therefore it was necessary to implement a formal insolvency procedure.

In light of the Company's finances being depleted and its financiers not being prepared to finance continued trading, instructions were given to us to assist with a formal insolvency.

There were no funds available to an administrator to fund a period of trading whilst a buyer was sought and given the nature of the business trading in administration was unlikely to have been practical and therefore administration was the most appropriate route with the sale of the business and assets negotiated prior to the appointment of administrators (a pre-pack administration) and details of the reasons for this were given in our SIP16 report.

Our role prior to the formal appointment as administrators was to advise on matters relating to the solvency of the entity and to widely market the business for sale and negotiate the terms of a sale of the business and assets to be concluded on the appointment of administrators. Our role was not to advise the directors or any parties connected with the purchaser. The purchaser, an independent third party, was encouraged to take independent advice albeit it decided not to instruct advisors.

Following our marketing campaign we received three offers for the business and assets and accepted the offer from Canary Care Global Limited, a company formed for the purpose of the acquisition. This was an unconnected party and had identified the opportunity via our marketing on the website 'IP Bid.com'. We sold the business for £70,000 as follows:

- £40,000 for the stock of the Company;
- £20,000 for the intellectual property rights and know-how;
- £5,000 for the customer contracts;
- £4,000 for the goodwill;
- £800 for the marketing information;
- £100 for shares in the dormant subsidiary of the Company, Canary Systems Ltd; and
- £100 for the plant and equipment.

The apportionment of the sale proceeds was negotiated with the purchaser and was cognisant of the balance sheet allocation.

Book Debts

During the reporting period, we kept the Company's bank account open in order to facilitate the collection of the Company's book debts estimated to be £11,332. Remittances totalling £9,796 have been received since our appointment (see our comment below relating to cash collection). In addition there were monies due from customer receipts into a Stripe account anticipated to be £76 but this has achieved £990.

Keeping the Company's bank account open, however, meant that some debtors of Canary Care Global Limited, the purchaser of the business, paid in to the old bank account. Debtors totalling £15,332 were collected on behalf of the purchaser. We transferred c£8,000 in November 2018 and we expect to remit a c£7,000 shortly after the issuing of this progress report.

Cash at bank

We expected to realise cash at bank of £12,270. We actually received £13,098, which was slightly higher as some pre-appointment customers settled their invoices, this has consequently reduced the debtor figure that we expect to receive in the administration.

Tax refund

During the reporting period, we have submitted a post appointment VAT Return showing a refund of c£13,000. We await receipt of this refund.

Trust Funds

Prior to our appointment, the directors of the Company ring-fenced customers' monies totalling £14,753.30 in a trust account. On our appointment, we transferred them into a trust account and agreed with the purchaser to release funds as services are rendered. During the reporting period, funds totalling £7,312 have been transferred to the purchaser. Shown in the Receipts and Payments account, attached under Appendix A, is the reminder still to be released.

Employees

All employees of the Company were transferred under TUPE to the purchaser. To facilitate the sale and achieve the best outcome in the circumstances for creditors it was important to maintain continuity of service and therefore it was necessary to retain staff during the sales period. The Company had depleted its resources and was unable to meet the full cost of salaries during the negotiation period. Ordinarily the purchaser would pick up the liability for unpaid wages under TUPE however, as part of the negotiation with the purchaser it was necessary to concede a part payment to conclude the sale. We consider that this was in the best interest of creditors as the next best offer was considerably less. Details of the amounts can be seen of the receipts and payments account attached.

Creditors

Secured Creditors

The Company did not grant any charge on its assets.

Preferential Creditors and Employee Liabilities

All the employees of the Company, as mentioned above, were paid wages up to the date of our appointment and then transferred under TUPE. No preferential claim has been received.

Unsecured creditors

The statement of estimated financial position and the list of creditors as per Company's records identified unsecured creditors totalling £33,545. It is our understanding that the purchaser paid some of them in order to facilitate the transfer of business and therefore may have a subrogated claim in the administration. To date I have received 7 unsecured claims totalling £44,584. In particular, since our proposals HM Revenue and Customs ('HMRC') have submitted a revised claim of £33,413 for PAYE and NI contributions.

Investigation

To assist with our investigation we collected the Company's physical books and records from the premises and secured the financial records held virtually.

We have a statutory duty to consider and report to the Insolvency Service on the conduct of any person who had been a director of the Company in the three years preceding our appointment. We also have to consider whether any civil proceedings should be taken against the directors or others for the recovery of company assets or contributions to its estate. We can report that we have complied with our obligations under the Company Directors Disqualification Act 1986. To enable us to do this we have undertaken a review of the Company's records.

We have, in accordance with best practice, undertaken investigations into how the business was conducted, how trading was controlled, whether proper decisions were made at the time, whether assets have been sold at an under-value or otherwise dissipated and the way in which directors have acted. We have investigated what assets there are including potential claims against third parties as well as directors and what recoveries can be made. We are satisfied that the investigations undertaken have been proportionate to the circumstances of the case.

In undertaking the initial assessment of the Company and subsequent investigations, we did not identify any potential claim to be pursued.

Administrators' Remuneration

On 24 October 2018, the creditors approved the basis of our joint administrators' fees as follows:

- a. Joint administrators' pre appointment costs as a set amount of £29,000 plus VAT;
- b. Joint administrators' expenses as £9,000 plus VAT and £51.26 in respect of disbursements incurred, detailed Appendix B;
- c. Joint administrators' post appointment costs as a set amount of £24,500 plus VAT as follows:
 - I. £12,500 plus VAT in respect of work related to compliance;
 - II. £3,000 plus VAT in respect of assets realisation (including debtors);
 - III. £2,000 plus VAT in respect of investigation; and
 - IV. £7,000 plus VAT in respect of agreeing unsecured claims in the subsequent liquidation, claims and declaring a distribution.

We have also been authorised to draw category 2 disbursements as occurred during the administration.

We believe that the fees that we proposed are a fair and reasonable reflection of the work necessarily and properly undertaken and will undertake in the future and have delivered a genuine benefit to creditors.

Whilst not all work undertaken is of benefit to creditors, in particular aspects of compliance work, it is nonetheless unavoidable as it is either required by statute or best practice.

To date we have drawn fees of £53,500 plus VAT, along with pre-appointment disbursements of £51.26 pursuant to the authorisation given by creditors.

During the reporting period, we incurred but not billed category 2 disbursements of £78.19 related to postage costs incurred to issue our joint administrators' proposals.

The joint administrators have reviewed the work undertaken and reported here and consider this level of costs to be appropriate bearing in mind the nature and complexity of the case.

Charging Policy

Creditors could access their rights pursuant to the Statement of Insolvency Practice 9, with reference to the joint liquidators' remuneration at the following link:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-9-payments-to-insolvency-office-holders-and-their-associates-effective-from-1-december-2015.ashx>

For more information on the joint liquidators' charging policy please visit:

<https://www.jamescowperkreston.co.uk/information-and-guides>

Click on "Information to creditors with regards to office holders' remuneration and expenses" under the heading "Other information".

Statutory Rights

Rule 18.9 of the Insolvency Rules 2016 entitles 5% in value of the unsecured creditors or any unsecured creditor with the permission of the court to make a written request to the administrators for further information about remuneration or expenses. In response to such a request the administrators must respond within 14 days:-

- a) Providing all of the information requested;
- b) Providing some of the information requested; or
- c) Declining to provide the information requested.

The administrators may provide only some of the information or decline the request if:

- a) *The time or cost of preparing the information would be excessive;*
- b) *Disclosure of the information would be prejudicial to the conduct of the case;*
- c) *Disclosure might reasonably be expected to lead to violence against any person; or*
- d) *The administrators are subject to an obligation of confidentiality in relation to the information.*

If the administrators do not provide all of the information or decline to provide any of the information they must inform the person or persons making the request of their reasons for so doing. A creditor, who need not be the same creditor(s) who requested the information may then apply to Court within 21 days of the following.

- a) The administrators giving reasons for not providing all of the information requested; or
- b) The expiry of the 14 days in which the administrators must respond.

The court may then make such order as it thinks just.

Rule 18.34 provides that an unsecured creditor with the concurrence of at least 10% of the total value of the unsecured creditors of the Company (or any unsecured creditor with the permission of the court) may apply to the court on the grounds that administrators' remuneration or expenses are excessive or the basis fixed for the remuneration is inappropriate. Such application must be made no later than eight weeks after receipt by the applicant member(s) of this progress report.

Further details about creditors' rights can be found in statement of insolvency practice 9 which can be found at the following web address. The relevant version is the effective from 1 December 2015 version.

<https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice/e-and-w/sip-9-list>

Privacy policy

The office holders and James Cowper Kreston respect your right to privacy. As a requirement of the insolvency procedure we may, in the course of our work, control or process personal data. Our privacy policy can be found at our website <https://www.jamescowperkreston.co.uk/privacy-policy> and this details how we collect, use, share, protect, and retain personal information, what happens if we transfer information overseas, and your rights in relation to GDPR and the Data Protection Act 2018. If you wish to receive a hard copy of this privacy policy please let us know.

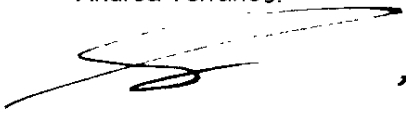
What remains to be done

The following matters remain to be done in the administration (this is not an exhaustive list but includes the main aspects required):

1. Wait for the receipt of funds from HMRC.
2. Move the Company to creditors' voluntary liquidation to allow the joint liquidators to agree unsecured claims and declare and pay a dividend to them.
3. Collection of the outstanding book debts of the Company, we expect this to be finalised by the next report.

We will also undertake all such other actions and exercise our powers as administrators as we consider in our discretion necessary to achieve the purpose of the administration.

Should any creditor have any queries regarding this report please do not hesitate to contact my assistant Andrea Terraneo.



Sandra Mundy
Joint Administrator

28 March 2019

Appendix A

Joint Administrators' Summary of Receipts and Payments
31 August 2018 to 27 February 2019

| Statement of affairs £ | From 31 August 2018 To 5 October 2018 £ | From 31 August 2018 To 27 February 2019 £ | Cumulative Total From 31 August 2018 To 27 February 2019 £ | |
|------------------------------|---|---|---|----------------------|
| RECEIPTS | | | | |
| 4,000 | Goodwill | 4,000.00 | - | 4,000 |
| 20,000 | Intellectual Property | 20,000.00 | - | 20,000 |
| 800 | Plant & Machinery | 800.00 | - | 800 |
| 100 | Furniture & Equipment | 100.00 | - | 100 |
| 40,000 | Stock | 40,000.00 | - | 40,000 |
| 5,000 | Contracts / WIP | 5,000.00 | - | 5,000 |
| 11,333 | Book Debts | - | 9,796 | 9,796 |
| 100 | Share in Subsidiary | 100.00 | - | 100 |
| 1,000 | Prepayments | - | 928 | 928 |
| 830 | Canary Care Global Limited Debtors (1) | - | 16,077 | 16,077 |
| 77 | Stripe Account | - | 990 | 990 |
| 12,271 | Cash at Bank | 9,207.16 | 3,892 | 13,099 |
| | Licence Fee | 2,317.62 | - | 2,318 |
| | Contribution to Wages | 9,588.56 | - | 9,589 |
| | Canary Care Bank Interest | 0 | 10 | 10 |
| | Bank Interest Gross | 0 | 10 | 10 |
| 14,753 | Trust funds (2) | 14,753.30 | 7,442 | 7,442 |
| | | <u>105,866.64</u> | <u>39,144</u> | <u>130,258</u> |
| PAYMENTS | | | | |
| | Specific Bond | - | (240) | (240) |
| | Pre-Appointment Fees | - | (29,000) | (29,000) |
| | Joint Administrators Fees | - | (24,500) | (24,500) |
| | Joint Administrators' Expenses | - | (51) | (51) |
| | Marketing Costs | (195) | - | (195) |
| | Payroll Fees - Scrutton Bland | - | (49) | (49) |
| | Legal Fees - Mills & Reeve | - | (9,059) | (9,059) |
| | Stationery & Postage | - | (28) | (28) |
| | Pension Contribution | - | (708) | (708) |
| | Statutory Advertising | - | (248) | (248) |
| | Rents Payable | (1,931.35) | - | (1,931) |
| | Canary Care Global Limited Debtors | - | (8,008) | (8,008) |
| | Insurance of Assets | (112.00) | - | (112) |
| | August 2018 Payroll - Wages | (17,588.56) | - | (17,589) |
| | Bank Charges - Canary Care Barclays | - | (21) | (21) |
| | | <u>(19,826.91)</u> | <u>(71,911)</u> | <u>(91,738)</u> |
| | BALANCE | <u>86,039.73</u> | <u>(32,767)</u> | <u>38,519</u> |
| MADE UP AS FOLLOWS | | | | |
| | Interest Bearing Current Account | 70,861 | (52,785) | 18,076 |
| | Trust Account | 14,753 | (7,312) | 7,443 |
| | VAT Receivable / (Payable) | 725 | - | - |
| | Vat Control Account | - | 13,000 | 13,000 |
| | | <u>86,340</u> | <u>(47,097)</u> | <u>38,519</u> |

Notes

- 1 As mentioned, some former customers of the Company, which have been transferred to the purchaser have paid into the former Company's bank account. We collected them on the buyer's behalf and are not included in the distributable funds.
- 2 Trust funds relate to prepayments received by the Company for services to be rendered after the administration being commenced. As a consequence, those funds will be released to the purchaser on a monthly basis once the service will be provided to customers, therefore are not included in the distributable funds.

Appendix B

Joint Administrators' Statement of Remuneration and Expenses
31 August 2018 to 27 February 2019

| Account | Incurred In Period £ | Accrued In Period £ | Total In Period £ |
|------------------------------------|-------------------------------------|------------------------------------|----------------------------------|
| Trust funds | 7,312 | - | 7,312 |
| Specific Bond | 240 | - | 240 |
| Pre-Appointment Fees | 29,000 | - | 29,000 |
| Joint Administrators Fees | 24,500 | - | 24,500 |
| Joint Administrators' Expenses | 51 | - | 51 |
| Marketing Costs | 195 | - | 195 |
| Payroll Fees - Scrutton Bland | 49 | - | 49 |
| Legal Fees - Mills & Reeve | 9,059 | - | 9,059 |
| Pension Contribution | 708 | - | 708 |
| Statutory Advertising | 248 | - | 248 |
| Rents Payable | 1,931 | - | 1,931 |
| Canary Care Global Limited Debtors | 8,008 | - | 8,008 |
| Insurance of Assets | 112 | - | 112 |
| Wages - August Payroll | 17,589 | - | 17,589 |
| | <u>99,001</u> | <u>-</u> | <u>99,001</u> |

Appendix C

Joint Administrators' Summary of Disbursements
31 August 2018 to 27 February 2019

| Category 2 Disbursements <i>Other amounts paid or payable to the office holder's firm or to party in which the office holder or his firm or any associate has an interest.</i> | | |
|--|------------------|--------------|
| Transaction Date | Type and Purpose | Amount |
| 13/10/2018 | Cert of Postage | £ 73.19 |
| | Total £ | 73.19 |

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 **Andrea Terraneo**

Company name **James Cowper Kreston**

Address **The White Building**

1-4 Cumberland Place

Post town **Southampton**

County/Region

Postcode

S O 1 5 2 N P

Country

DX

Telephone **023 8022 1222**



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