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[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 9 5 6 5 8 5 8

Company name in full Herrington Mews Ltd

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Philip Joseph

Surname Dakin

### 3 Administrator's address

Building name/number c/o Kroll Advisory Ltd

Street The Shard

32 London Bridge Street

Post town London

County/Region

Postcode S E 1 9 S G

Country United Kingdom

### 4 Administrator's name ①

Full forename(s) Benjamin John

Surname Wiles

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number c/o Kroll Advisory Ltd

Street The Shard

32 London Bridge Street

Post town London

County/Region

Postcode S E 1 9 S G

Country United Kingdom

#### 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	0	d	9	m	0	m	5	y	2	y	0	y	2	y	3
To date	d	0	d	8	m	1	m	1	y	2	y	0	y	2	y	3

### 7 Progress report

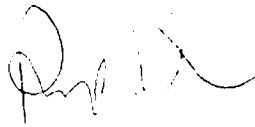
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	d	0	d	6	m	1	m	2	y	2	y	0	y	2	y	3
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**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 Jack Priestley

Company name Kroll Advisory Ltd

Address The Shard

32 London Bridge Street

Post town London

County/Region

Postcode SE1 9SG

Country United Kingdom

DX

Telephone +44 (0) 20 7089 4700

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- ☐ You have attached the required documents.
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Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

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# Progress Report to Creditors

6 December 2023

## Herrington Mews Ltd (In Administration)

*Joint Administrators' Progress Report for the period from 9 May 2023 to 8 November 2023.*

**Kroll Advisory Ltd**  
The Shard  
32 London Bridge Street  
London  
SE1 9SG

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## **1. Introduction**

The Joint Administrators were appointed on 9 November 2022 by the Secured Creditor as holder of a qualifying floating charge.

The appointment was filed at the High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List, number 004142 of 2022.

This Progress Report provides an update on the Administration of the Company.

The Joint Administrators' have also explained their future strategy for the Administration and how likely it is that they will be able to pay a dividend to each class of creditor.

You will find other important information in this Progress Report such as the costs the Joint Administrators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this Progress Report to Creditors is attached at Appendix 9.

## **2. Creditor summary**

This Progress Report covers the period from 9 May 2023 to 8 November 2023

### **2.1 Summary of Proposals**

As detailed in the Statement of Proposals, the purpose of the Administration is to achieve one of the following hierarchical objectives:

- Rescuing the Company as a going concern;
- Achieving 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); or
- Realising property in order to make a distribution to one or more Secured or Preferential Creditors.

Based on current information available to the Joint Administrators we expect that the third objective will be achieved through a distribution to the Secured Creditor.

### **2.2 Progress to date**

The manner in which the affairs and business of the Company have been managed since the appointment of the Joint Administrators and will continue to be managed and financed is set out section 3 of this progress report.

### **2.3 Outcome for Creditors**

#### **2.3.1 Secured Creditor**

According to the SOA, the outstanding balance due to the Secured Creditor as at the Appointment Date totals c.£17 million subject to accruing interest and charges.

It is expected that the sale of the Group's assets will allow for the Secured Creditor's capital exposure to be repaid in full across the Group estates, however, the quantum and timing of such is wholly dependent on the length of time required to deliver a sale of the Group or its business and assets.

#### **2.3.2 Preferential Creditors**

All of the Company's existing employees were retained on the appointment of the Joint Administrators and, as a result, it is not anticipated that any primary Preferential Creditor claims will be received.

The Joint Administrators are yet to receive a claim from HMRC in respect of their secondary preferential claim, however it is unlikely that there will be sufficient realisations in order to allow a distribution to be made to Preferential Creditors.

However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

### **2.3.3 Unsecured Creditors**

As detailed in the Previous Progress Report, based on current estimates, it is anticipated that there will be insufficient realisations to enable a distribution to the Unsecured Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

Please note, this Progress Report provides Creditors with an account of the progress of the Administration of the Company in the Reporting Period. The Joint Administrators' Statement of Proposals are available to view at [www.ips-docs.com](http://www.ips-docs.com) and paper copies can be provided free of charge by writing to Jack Priestley at [Jack.Priestley@kroll.com](mailto:Jack.Priestley@kroll.com). Unless otherwise stated, all amounts in this Progress Report and appendices are stated net of VAT.

## **3. Progress of the Administration**

This section provides an update on the Joint Administrators' strategy for the Administration and progress to date.

The Company is part of the wider Group and the Joint Administrators were appointed over a further 11 entities across the Group, one of which was dormant and the administration closed before the first anniversary.

As previously reported, the Company was incorporated on 28 April 2015 and operates one home in Tyne and Wear, The Mews Care Home. This home continues to operate under the supervision of the Joint Administrators whilst a purchaser for the Company and/or its business and assets is sought.

### **3.1 Strategy and progress to date**

According to the information available to the Joint Administrators prior to their appointment, the Company and the Group, as a whole, was trading profitably. It was decided that continuing to trade the Group would be in the best interests of all stakeholders in order to maximise realisable value via a going-concern sale and also minimise any potential disruption for staff and residents.

The Home continues to operate under the Joint Administrators' supervision with the support of Cornerstone Care Solutions Limited whilst a purchaser is found.

The Joint Administrators' focus continues to be the ongoing provision of high-quality care to residents and in supporting the Company's staff to provide that care.

#### **3.1.1 Trading**

As advised in the Previous Progress Report, the published CQC rating for this home is currently "Requires Improvement". However, on 8-9 November 2023 the CQC undertook a further inspection at the service. A copy of the CQC's draft inspection report shared with the Joint Administrators on 22 November 2023 records the significant improvements at The Mews.



The Company's staff and senior operations team, along with Cornerstone, have continued to implement a programme of internal audits/inspections to support the home manager in driving improvements and efficiencies in the home where this was required.

At the time of writing, the CQC's final inspection report has not yet been published but it is anticipated that, as a result of these improvements, the Home's rating will be improved from "Requires Improvements" to "Good".

### **3.2 Asset realisations**

Realisations during the Reporting Period are set out in the attached Receipts and Payments Account at Appendix 3.

Summaries of the most significant realisations during the Administration are provided below:

#### **3.2.1 Sale of Business**

As detailed in the Previous Progress Report, Colliers were engaged by the Joint Administrators as their selling agents and were instructed to proceed to market the Group for sale on a going-concern basis.

The sale process is ongoing and, together with Colliers, the Joint Administrators are in advanced discussions with a number of potential purchasers.

In order not to prejudice any future marketing process, no further information can be disclosed at this time in respect of any value that may be generated from the sale(s).

A further update on the progress of the sale(s) will be provided in the Joint Administrators next report to Creditors.

#### **3.2.2 Book debts**

According to the SOA, the outstanding debts due to the Company totalled £54,644 as at the Appointment Date. The Joint Administrators are working with the Company's finance team and also speaking with a specialist credit control agency with a view to maximising recoveries from this asset.

The Joint Administrators are also liaising with the Local Authorities and resident's families to ensure that payments are made accordingly.

No further realisations have been made during the Reporting Period. In the Cumulative Period, £6,884 has been realised in respect of book debts.

A further update will be provided in the next progress report to Creditors.

#### **3.2.3 Loans Between Group Companies**

During the Reporting Period, the Company has made a number of short-term loans to other companies within the Group, as detailed in Receipts and Payment Account at Appendix 3.

Moreover, the Company has obtained short-term loans from other companies in the Group as and when the Company held insufficient funds to cover critical trading costs. It should be noted that these loans will be repaid in full when funds permit.

#### **3.2.4 Trading Income**

Throughout the course of the Reporting Period, the Joint Administrators have continued to collect fees from residents as would be the case in the normal course of trading.

During the Reporting Period, £1,008,414 has been collected in respect of resident's fees.

#### **3.2.5 Other assets**

The Company has no other assets known to the Joint Administrators to be realised for the benefit of the Administration estate.

#### **3.2.6 Investigations**

The Joint Administrators reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for Creditors.

The Joint Administrators have a statutory obligation to file a report with DBT concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators appointment. The Joint Administrators have filed their confidential report with DBT regarding the conduct of the Directors of the Company.

As such there are no outstanding lines of enquiry or concerns relating to the Company that will be followed up by the Joint Administrators.

### **3.3 Costs**

Payments made in the Reporting Period are set out in the attached Receipts and Payments Account at Appendix 3.

Summaries of the most significant payments during the Administration are provided below:

#### **3.3.1 Debt Collection Costs**

During the Reporting Period, the Joint Administrators have paid debt collection costs of £3,946 plus VAT.

These fees relate to assistance provided by CCI Credit Management Ltd in investigating and collecting book debts owed to the Company.

#### **3.3.2 Management Agent Fees**

As detailed in the Previous Progress Report, to ensure the ongoing provision of high-quality care to residents and to supporting the Company's staff in providing that care, Cornerstone were instructed as the Joint Administrators' management agents to assist in the day to day running of the Home.

Throughout the Reporting Period, Cornerstone have assisted the Joint Administrators in liaising with the Local Authority and the CQC, provided on-site support to the Home manager and Operations team, and reported into the Joint Administrators on a regular basis with updates as to the Home's performance.

During the Reporting Period, a total of £38,586 has been paid to Cornerstone towards their ongoing costs.

### **3.3.3 Irrecoverable VAT**

The Company is not VAT registered and therefore any VAT on costs incurred is irrecoverable and is a cost to the Administration estate. Irrecoverable VAT of £26,083 has been paid in the Reporting Period.

### **3.3.4 Trading Expenditure**

As the Company is continuing to trade, various items of trading expenditure totalling £756,349 have been paid during the Reporting Period. The main components of this expenditure are detailed below:

#### Staff Wages

Following the continued trading of the Company, the most significant cost incurred is staff wages, which totaled £400,310 during the Reporting Period.

#### Agency Fees

Agency fees of £242,428 have been incurred during the Reporting Period.

As experienced by many care homes in the industry, a shortage of staff leaves the Company, and the Group as a whole, with the need to use agency staff in order to ensure that sufficient staff levels are maintained on a weekly basis.

A detailed breakdown of all trading costs paid in the Reporting and Cumulative Period is provided at Appendix 3. It should be noted that the Receipts and Payments Account does not show costs accrued by the Joint Administrators.

### **3.4 Fees and expenses**

The Joint Administrators have detailed the costs incurred during the Reporting Period, whether paid or unpaid, in the schedule of expenses attached at Appendix 4.

Summaries of the most significant expenses which have been incurred in the period but have not been paid are provided overleaf:

#### Significant expenses incurred but not paid

<b>Joint Administrators' time costs</b>	£140,832	Total time costs incurred in the period is £140,832 (see Appendix 5) and no fees have been drawn against this time during the Reporting Period. See section 6 for further details in relation to the Joint Administrators' fees.
<b>Legal fees – Irwin Mitchell LLP</b>	£519	The Company's legal advisors, Irwin Mitchell LLP, have incurred legal fees of £519 in dealing with various ad-hoc matters during the Reporting Period. Irwin Mitchell's split of costs across the Churchlake Group are indicative only and subject to change. Work across the administrations of the various Churchlake Group entities is ongoing and a final apportionment of costs incurred by Irwin Mitchell in respect of each entity will be provided on conclusion of each administration
<b>Management Agent Fees – Cornerstone Care Solutions Limited</b>	£15,800	Costs incurred during the Reporting Period and not paid in relation to Cornerstone's fees total £15,800.

## 4. Outcome for Creditors

### 4.1 Secured Creditors

As reported previously, the Group granted the Secured Creditor a composite debenture which confers fixed and floating charges over all of the Group's assets.

The debenture was created on 29 July 2022 and has been duly registered at Companies House. In addition, the Group granted a composite guarantee which secured all sums due by the Group to the Secured Creditor and associated legal charges were granted over the Group's property-owning entities.

As at the date of appointment, the Groups total indebtedness to the Secured Creditor totalled c.£17 million which is subject to accruing interest and charges.

No distribution to the Secured Creditor has been made from the Group, however it is anticipated that the sale of the Group's assets will allow for the Secured Creditor's capital exposure to be repaid in full across the Group's estates. The quantum and timing of such is wholly dependent on the length of time required to deliver a sale of the Company or its business and assets.

### 4.2 Preferential Creditors

The Preferential Creditor claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the DBT following payment to the employees by the RPS.

All employees were retained on the appointment of the Joint Administrators and, as a result, it is not expected that any Primary Preferential Creditor claims will be received.

Secondary preferential claims are made up of VAT, PAYE income tax and employee NIC. Secondary preferential claims are paid after the other preferential claims are settled in full.

The Joint Administrators are yet to receive a claim from HMRC in respect of their secondary preferential claim. This will be made up of PAYE income tax, employee NIC and student loan deductions only as the Company is not VAT registered.

Please note that based on information available to the Joint Administrators (which is subject to reconciliation of claims received directly from any Preferential Creditors including HMRC), it is unlikely that there will be sufficient realisations to allow for a distribution to be made to Preferential Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

#### 4.3 Unsecured Creditors

As detailed in the Previous Progress Report, according to the SOA, Unsecured Creditors total £194,765 as at the Appointment Date and can be summarised as follows:

Creditor	£
Trade Creditors	71,372
Intercompany Loans	55,000
Employee Attachments of Earnings	14
Deferred Tax	3,140
HMRC – Corporation Tax	57,036
HMRC – Employers NIC	8,203
<b>Total</b>	<b>194,765</b>

Unsecured claims received to date total £18,851.

Based on the current information available to the Joint Administrators, it is anticipated that there will be insufficient realisations to enable a distribution to the Unsecured Creditors of the Company. However, this is dependent upon the level of realisations ultimately achieved from a sale of the Company's business and assets.

#### 4.4 Prescribed Part

The Company granted a floating charge to the Secured Creditor on 29 July 2022 and the Prescribed Part provisions will apply.

As stated above, based on current estimates using information available to the Joint Administrators, it is unlikely there will be sufficient funds for a distribution to Unsecured Creditors under the Prescribed Part provisions.

Please note that the estimates detailed on the SOA do not affect Creditors' rights to submit a claim.

If not already done so, Creditors of the Company should complete the appropriate proof of debt form and return this to the Joint Administrators with evidence to support your claim at [Churchlakegroup@kroll.com](mailto:Churchlakegroup@kroll.com) or Kroll Advisory Ltd. The Shard, 32 London Bridge Street, London, SE1 9SG. Creditors should ensure that separate proof of debt forms are completed for each specific Group entity the debt is with.

An update will be provided in the Joint Administrators' next progress report.

## **5 Other matters**

### **5.1 Decision procedure**

A decision via deemed consent was sought from creditors in relation to a 12-month extension to the Administration.

The Joint Administrators also sought an increase to their fee estimate via a decision by correspondence from Creditors alongside their Previous Progress Report.

Both of these decisions were passed without objection on 13 July 2023.

No decision procedure is being sought alongside this Progress Report.

### **5.2 Creditors' Committee**

A Creditors' Committee has not been established in the Administration as no nominations have been received for a committee to be quorate.

### **5.3 Joint Administrators' Receipts and Payments Account**

A detailed Receipts and Payments Account for the Reporting Period is shown in Appendix 3 together with a cumulative account for the whole of the Administration.

### **5.4 Creditors' rights**

Further information regarding the remuneration and expenses of the Joint Administrators, including Creditors' rights to challenge such costs is provided at Appendix 7, Statement of Creditors' Rights.

## **6 Fees, Expenses and Pre-Administration costs**

### **6.1 Fees and expenses**

As detailed in the Previous Progress Report, on 2 February 2023, Creditors approved the Joint Administrators remuneration on a time costs basis.

#### **6.1.1 Time costs**

Upon a review of our hourly rates, inflation and industry averages, the hourly charge out rates have been revised to reflect market rates. Rate changes apply to all appointments held by employees of Kroll Advisory Ltd with effect from 1 March 2023.

Time has been charged in six-minute units. Details of the time charged for the Reporting Period are attached at Appendix 5.

Time costs incurred in the Reporting Period total £140,832, which represents 356 hours at an average hourly rate of £396.

Time costs incurred in the Cumulative Period total £317,921, which represents 811 hours at an average hourly rate of £392.

These costs have exceeded the revised estimate provided in the Joint Administrators' Previous Progress Report, however, a further revision to the fee estimate will not be sought at this time.

In accordance with SIP 9, the Joint Administrators have provided further narrative detail of the time costs incurred at Appendix 6.

#### **6.1.2 Fees**

No fees have been drawn in the Reporting Period.

#### **6.1.3 Expenses**

Expenses are any payments from the Administration which are neither an Administrator's remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Administrator and then reimbursed to the Administrator from the Administration.

Expenses are divided into those that do not need approval before they are charged to the Administration (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Administrator's remuneration, whether paid directly from the estate or as a disbursement.

The Joint Administrators provided in their Proposals report to creditors an estimate of expenses for the Administration, totalling £107,398. This was for information purposes only and could possibly change over the course of the Administration.

On 2 February 2023, Creditors approved the Joint Administrators to draw their Category 2 expenses which included, mileage allowance at the rate of 45p per mile, together with travel, accommodation and subsistence costs.

Appendix 4 details the current update of the expenses estimate.

Appendix 4 also details the expenses incurred and paid for the Reporting Period and the whole of the Administration to date.

In the Reporting Period, Category 1 expenses incurred totalled £20,265 and £42,532 was paid. Category 2 expenses incurred for the same period totalled £565 of which there has been nothing paid to date.

Costs paid exceed those incurred due to a significant amount of costs incurred in the previous reporting period being paid in the Reporting Period.

For the Cumulative Period, Category 1 expenses incurred totalled £363,413 of which £55,069 has been paid. Category 2 expenses of £1,374 incurred for the same period have been incurred and have not been paid.

#### 6.1.4 Additional information

Also attached at Appendix 6 is a narrative summary of the work carried out to assist Creditors in understanding the progress of the Administration, the associated costs and expenses of the related activities and the financial benefit to Creditors.

Details of how to obtain further information relating to the fees and expenses of the Joint Administrators is set out in Appendix 7.

#### 6.2 Pre-Administration costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

Pre-Administration costs	Paid (£)	Unpaid (£)	Total (£)
Kroll Advisory Ltd fees	0.00	1,230	1,230
Legal fees	0.00	41,753	42,753
<b>Total</b>	<b>0.00</b>	<b>42,983</b>	<b>42,983</b>

On 2 February 2023 the Pre-Administration costs were approved by the Unsecured Creditors of the Company via a decision by correspondence, to be paid out of the assets of the Company.

Pre-Administration costs of £42,983 have been approved but are yet to be drawn.

It should be noted that the Pre-Administration costs of Irwin Mitchell LLP is representative of the total outstanding balance due across the Group and the Joint Administrators will apportion these costs accordingly. We have included the full amount for prudence.



## **7. Future strategy**

### **7.1 Future conduct of the Administration**

The Joint Administrators will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the Administration. This will include but not be limited to:

- Identifying a purchaser and completing a sale of the Company's business and/or assets;;
- Finalising trading;
- Paying the outstanding costs of the Administration;
- Paying a dividend to the Secured Creditor;
- Paying a dividend to Preferential Creditors (as appropriate) and where funds allow; and
- Dealing with other statutory matters and duties including accounting for VAT and completing corporation tax returns.

### **7.2 Extension of the Administration**

An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the Creditors' consent.

In the Previous Progress Report, the Joint Administrators sought a decision by deemed consent of the Creditors to extend the Administration by 12 months to 8 November 2024.

On 13 July 2023, a 12 month extension to the Administration to 8 November 2024 was approved via a deemed consent procedure.

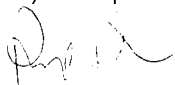
Approval to the extension was also granted by the Secured Creditor on 7 August 2023. A notice of the extension has been made available for viewing and downloading from the Portal <https://micro.kroll.com/ukrestructuring>.

If you would prefer to be sent a paper copy, please contact Jack Prestley of this office.

### **7.3 Future reporting**

The Joint Administrators will provide a further progress report within one month of 8 May 2024 or earlier if the Administration has been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact Jack Prestley.



**Philip Dakin**  
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Philip Joseph Dakin and Benjamin John Wiles, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

## Appendix 1 – Statutory information

### Company information

<b>Company and trading name</b>	Herrington Mews Ltd												
<b>Date of incorporation</b>	28 April 2015												
<b>Registered Number</b>	09565858												
<b>Company Directors</b>	Alan Jebson, Margarita O'Malley & Frederick Sinclair-Brown												
<b>Company Secretary</b>	N/A												
<b>Shareholders</b>	Churchlake NE Hold Co Limited												
<b>Trading address</b>	The Mews Care Home, Southburn Terrace, New Herrington, Houghton Le spring, Tyne and Wear, DH4 7AW Sweeps												
<b>Registered office</b>	<table><tr><td><b>Current:</b></td><td><b>Former:</b></td></tr><tr><td>c/o Kroll Advisory Ltd</td><td>Sweeps Ditch</td></tr><tr><td>The Shard</td><td>44a Gresham Road</td></tr><tr><td>32 London Bridge Street</td><td>Staines-upon-Thames</td></tr><tr><td>London</td><td>TW18 2AN</td></tr><tr><td>SE1 9SG</td><td></td></tr></table>	<b>Current:</b>	<b>Former:</b>	c/o Kroll Advisory Ltd	Sweeps Ditch	The Shard	44a Gresham Road	32 London Bridge Street	Staines-upon-Thames	London	TW18 2AN	SE1 9SG	
<b>Current:</b>	<b>Former:</b>												
c/o Kroll Advisory Ltd	Sweeps Ditch												
The Shard	44a Gresham Road												
32 London Bridge Street	Staines-upon-Thames												
London	TW18 2AN												
SE1 9SG													

### Administration information

<b>Administration Appointment</b>	The Administration appointment granted in The High Court of Justice, Business & Property Courts in England & Wales, 004142 of 2022
<b>Appointor</b>	Secured Creditor
<b>Appointment Date</b>	9 November 2022
<b>Joint Administrators</b>	Philip Dakin and Benjamin Wiles
<b>Original purpose</b>	Achieving 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)
<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
<b>Current Administration expiry date</b>	8 November 2024
<b>Prescribed Part</b>	The Prescribed Part is applicable in this case. It has been taken into account when determining the dividend prospects for unsecured creditors.

**Application of EC Regulations**

EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## **Appendix 2 – Approved Proposals**

### **General**

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors; and
- Seek an extension to the Administration period if considered necessary.

### **Distributions**

- To make distributions to the Secured and Preferential Creditors where funds allow;
- To make distributions to the unsecured creditors from the Prescribed Part, where applicable.
- To make further distributions to the unsecured creditors over and above the Prescribed Part, if funds become available and apply to court for authority to do so, where applicable.

### **End of Administration**

That the Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Directors;
- Place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Philip Joseph Dakin and Benjamin John Wiles of Kroll would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Philip Joseph Dakin and Benjamin John Wiles of Kroll would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;

- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies if the Joint Administrators consider that Liquidation is not appropriate because (1) the Company has no remaining property which might permit a distribution to its creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow the Administration to end automatically.

#### **Remuneration and pre-Administration costs**

- That the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- That the Joint Administrators' Fee Estimate provided in the total sum of £200,097, is approved;
- That the Joint Administrators be authorised to pay the following expenses to associates in dealing with the Administration ("Category 2 Expenses"):
  - Mileage allowance payments to staff at the rate of 45p per mile
  - Travel, accommodation and subsistence payments for staff
- That the unpaid pre-Administration costs totalling £42,983, as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as an expense of the Administration.

Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

#### **Discharge of Liability**

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments account with the Registrar of Companies or their appointment otherwise ceasing.

## Appendix 3 – Receipts and Payments Account

### Herrington Mews Ltd (In Administration)

#### Joint Administrators' Receipts and Payment Account for the Trading Period

SOA Estimated	For the Reporting Period from 9 May 2023 to 8 November 2023	For the Reporting Period from 9 November 2022 to 8 May 2023
(£)	(£)	(£)
<b>Post Appointment Sales</b>		
Resident's Fees	1,017,764.06	1,725,824.36
Petty Cash	(9,350.00)	(15,916.76)
	<b>1,008,414.06</b>	<b>1,709,907.60</b>
<b>Other Direct Costs</b>		
Staff Wages	400,310.19	837,704.61
Attachment of Earnings	75.08	89.56
Employee Expenses	636.85	636.85
	<b>(401,022.12)</b>	<b>(838,431.02)</b>
<b>Trading Expenditure</b>		
Rents	-	1,859.00
Rates	559.55	3,165.27
Heat & Light	2,308.57	6,051.47
CQC Registration	7,289.68	7,289.68
Telephone	262.50	560.50
Professional Fees	70.00	282.00
Residents allowance cards	-	10.00
Staff Training	1,434.00	2,030.00
Hire of Equipment	504.00	756.00
Repairs & Maintenance	47,025.18	105,608.20
Sundry Expenses	-	288.32
Advertising	7,423.26	7,823.26
Stationery	607.86	1,247.03
Agency Fees	242,428.12	471,259.48
Risk Assessment	599.00	599.00
Food	40,868.66	63,876.17
Ransom Payments	-	28,584.85
Systems Provider	2,182.45	3,849.20
Laundry Services	1,764.00	1,764.00
	<b>(355,326.83)</b>	<b>(706,903.43)</b>
<b>Trading Surplus</b>	<b>252,065.11</b>	<b>164,573.15</b>

## Herrington Mews Ltd (In Administration)

### Joint Administrators' Receipts and Payment Account for the Reporting Period

Statement of Affairs	For the Reporting Period from 9 May 2023 to 8 November 2023	For the Reporting Period from 9 November 2022 to 8 November 2023
Estimated to Realise Values		
(£)	(£)	(£)
<b>Fixed Charge Assets</b>		
- Leasehold Property	-	-
	-	-
<b>Secured Creditors</b>		
17,223,861 ThinCats Loans Limited		
<b>17,223,861</b>	-	-
<b>Floating Charge Assets</b>		
- Bank Interest Gross	259.65	284.36
- Cash at Bank	-	72,134.99
- Debtors	-	6,884.28
- Loan from Churchlake Care Ltd	-	47,500.00
- Loan from Crystal Croftdene Limit	22,000.00	39,000.00
- Loan from Cumbria Nursing Servi	22,000.00	61,000.00
- Loan from Eastbourne	-	19,060.26
- Loan from Eastgate Manor Ltd	64,000.00	64,000.00
- Loan from Lakeland Care Services	-	6,000.00
- Loan from Primrose House Ltd	35,000.00	79,000.00
- Pocket Money	(1,591.52)	-
- Trading Surplus/(Deficit)	252,065.11	164,573.15
<b>0.00</b>	<b>393,733.24</b>	<b>559,437.04</b>

#### Floating Cost of Realisations

Bank Charges	11.05	11.05
Debt Collection Costs	3,945.61	3,945.61
Irrecoverable VAT	26,083.37	50,142.72
Legal Fees	-	1,850.00
Loan to Churchlake Care Ltd	16,500.00	19,500.00
Loan to Crystal Croftdene	112,000.00	128,000.00
Loan to Eastbourne House Ltd	53,000.00	54,026.95
Loan to Eastgate Manor Ltd	21,000.00	21,000.00
Loan to Lakeland Care Services Li	55,500.00	60,390.38
Loan to Primrose	31,000.00	96,000.00
Management Agent Fees	38,586.17	46,586.17
Stationery & Postage	-	83.16
- Statutory Advertising	-	103.50
- Workwell Bond	-	2,500.00
<b>0.00</b>	<b>(357,626.20)</b>	<b>(484,139.54)</b>
	<b>36,107.04</b>	<b>75,297.50</b>

#### Represented By

Floating / Main Current Account	75,421.97
Residents Funds	(124.47)
<b>Total</b>	<b>75,297.50</b>



## Appendix 4 – Analysis of Expenses Incurred

### Joint Administrators' Expenses: comparison with estimate

Expenses	Original expenses estimate £	Actual expenses incurred in the Reporting Period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	TBC	519	1,246	Irwin Mitchell's split of costs across the Churchlake Group are indicative only and subject to change. Work across the administrations of the various Churchlake Group entities is ongoing and a final apportionment of costs incurred by Irwin Mitchell in respect of each entity will be provided on conclusion of each administration
Managing Agent fees	106,500	15,800	351,800	
Selling Agent fees	TBC	-	-	
Stationery and postage	250	-	83	
Advertising	207	-	104	
Insurance	TBC	-	-	
Bonding	225	-	225	
Mileage (own car usage)	164		257	Increase in site visits than originally anticipated.
Lodging and subsistence	52		12	
Debt Collection Fees	-	3,946	3,946	
Storage Costs	-	-	1,742	
Workwell bond	-	-	2,500	
<b>TOTAL</b>	<b>107,398</b>	<b>20,265</b>	<b>361,915</b>	

### Notes

The above costs exclude VAT.

## Joint Administrators' Expenses: Category 1 and Category 2

Category 1 Expenses		Fee Basis	Reporting Period		Cumulative Period	
Company	Activity		Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Accurate Mailing Services	Mailing agent	Fixed fee	-	-	83	83
AON UK Ltd	Statutory bond premium	Fixed fee	-	-	225	-
CCI Credit Management Ltd	Debt Collection Fee	Fixed fee	3,946	3,946	3,946	3,946
Cornerstone Care Solutions Limited	Management of care home	Fixed Fee	15,800	38,586	351,800	46,586
Courts Advertising Limited	Statutory Advertising	Fixed Fee	-	-	104	104
Irwin Mitchell	Ad-hoc legal advice	Time Costs	519	-	1,246	-
Total Data Management	Storage Fees	Fixed Fee per box	-	-	1,742	-
TLT LLP	Legal advice on validity of appointment	Time costs	-	-	1,850	1,850
Workwell Outsourcing	Workwell bond	Fixed fee	-	-	2,500	2,500
<b>Total</b>			<b>20,265</b>	<b>42,532</b>	<b>363,413</b>	<b>55,069</b>

Category 2 Expenses		Fee Basis	Current period		Cumulative period	
Company	Activity		Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
Kroll Advisory Ltd	Reimbursement of hotel accommodation expenses for staff on site whilst trading	Fixed fee	565	-	956	-
Kroll Advisory Ltd	Staff mileage to site whilst trading	45p per mile	-	-	418	-
<b>Total</b>			<b>565</b>	<b>NIL</b>	<b>1,374</b>	<b>NIL</b>

## Notes

The above costs exclude VAT

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

Kroll Advisory Ltd, being the employer of the Joint Administrators and the staff working on the Administration, is considered an associate of the Administrators.

It is considered that these expenses are fair and reasonable and proportionate to the Administration.

## Appendix 5 – Analysis of time charged

### Joint Administrators' Fees

#### Herrington Mews Ltd (In Administration)

#### Analysis of the Joint Administrators' time costs from 9 May 2023 to 8 November 2023

	Managing Director	Manager	Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
<b>Administration and Planning</b>								
Case Review & Case Diary Management	0.00	0.20	1.90	0.40	0.00	2.50	902.00	360.80
Cashiering & Accounting	0.00	34.60	0.40	48.10	0.00	83.10	29,182.00	351.17
IPS Set up & Maintenance	0.00	0.00	1.40	0.50	0.00	1.90	650.00	342.11
Insurance	0.00	0.30	0.00	0.00	0.00	0.30	142.50	475.00
Statutory Matters (Meetings, Reports & Notices)	0.50	6.05	10.10	3.90	0.00	20.55	8,900.75	433.13
Strategy, Planning & Control	0.10	1.90	8.10	1.10	0.00	11.20	4,524.50	403.97
Tax Compliance / Planning	0.00	0.20	0.00	1.35	0.00	1.55	353.00	227.74
	<b>0.60</b>	<b>43.25</b>	<b>21.90</b>	<b>55.35</b>	<b>0.00</b>	<b>121.10</b>	<b>44,654.75</b>	
<b>Creditors</b>								
Dealings with creditors and employees	0.00	0.00	0.00	13.00	0.00	13.00	2,340.00	180.00
Secured Creditors	0.15	0.90	0.00	0.00	0.00	1.05	725.25	690.71
	<b>0.15</b>	<b>0.90</b>	<b>0.00</b>	<b>13.00</b>	<b>0.00</b>	<b>14.05</b>	<b>3,065.25</b>	
<b>Investigations</b>								
Financial Review and Investigations (S238/239 etc)	0.00	0.00	0.00	5.50	0.00	5.50	990.00	180.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.50</b>	<b>0.00</b>	<b>5.50</b>	<b>990.00</b>	
<b>Realisation of Assets</b>								
Book debts	0.00	0.30	7.60	0.00	0.00	7.90	3,115.50	394.37
Freehold and Leasehold Property	0.00	0.00	0.40	0.00	0.00	0.40	152.00	380.00
Sale of Business	2.50	5.50	0.00	0.00	0.00	8.00	5,580.00	697.50
	<b>2.50</b>	<b>5.80</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16.30</b>	<b>8,847.50</b>	
<b>Trading</b>								
Trading - Accounting	0.00	41.75	0.00	15.25	0.00	57.00	26,998.75	473.66
Trading - Employees	0.00	0.30	0.20	0.00	0.00	0.50	222.50	445.00
Trading - Operations	1.30	35.25	11.30	93.70	0.00	141.55	56,053.25	396.00
	<b>1.30</b>	<b>77.30</b>	<b>11.50</b>	<b>108.95</b>	<b>0.00</b>	<b>199.05</b>	<b>83,274.50</b>	
<b>Total Hours:</b>	<b>4.55</b>	<b>127.25</b>	<b>41.40</b>	<b>177.30</b>	<b>0.00</b>	<b>356.00</b>		<b>395.60</b>
<b>Total Fees Claimed (£):</b>							<b>140,832.00</b>	

## Appendix 6 – Narrative of work carried out for the Reporting Period

The key areas of work have been:

### SIP 9 narrative for the Reporting Period

Administration and planning	<ul style="list-style-type: none"><li>• Monitoring and reviewing the Administration strategy;</li><li>• Briefing staff on the Administration strategy and matters in relation to workstreams;</li><li>• Regular case management and reviewing of process including regular team update meetings and calls;</li><li>• Meeting with management to review and update strategy and monitor progress;</li><li>• Reviewing and authorising junior staff correspondence and other work;</li><li>• Dealing with queries arising during the appointment;</li><li>• Reviewing matters affecting the outcome of the Administration;</li><li>• Allocating and managing staff / case resourcing and budgeting exercises and reviews;</li><li>• Liaising with legal advisors regarding various instructions, including agreeing content of engagement letters; and</li><li>• Complying with internal filing and information recording practices, including documenting strategy decisions.</li></ul>
Creditors	<ul style="list-style-type: none"><li>• Updating the list of Unsecured Creditors;</li><li>• Responding to enquiries from Creditors regarding the Administration and submission of their claims;</li><li>• Reviewing completed forms submitted by Creditors, recording claim amounts and maintaining claim records; and</li><li>• Drafting progress statutory progress reports; and</li><li>• Providing written and oral updates to the Secured Creditor regarding the progress of the Administration and cases strategy.</li></ul>
Investigations	<ul style="list-style-type: none"><li>• Managing and reviewing the Company books and records;</li><li>• Investigating the affairs of the Company to identify any actions available to the Company against third parties in respect of antecedent transactions or other litigation;</li><li>• Obtaining records from third parties;</li><li>• Reviewing pre-appointment transactions; and</li><li>• Documenting investigations.</li></ul>
Statutory and compliance	<ul style="list-style-type: none"><li>• Ensuring compliance with all statutory obligations within the relevant timescales;</li><li>• Uploading information to the Creditors' Portal;</li><li>• Drafting and publishing progress reports;</li><li>• Running decision procedures;</li></ul>

	<ul style="list-style-type: none"><li>• Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9;</li><li>• Monitoring the fees estimate; and</li><li>• Monitoring the expenses estimate.</li></ul>
Cashiering	<ul style="list-style-type: none"><li>• Preparing statutory receipts and payments accounts;</li><li>• Completing payment runs; and</li><li>• Renewing bonding and complying with statutory requirements.</li></ul>
Asset realisations	<ul style="list-style-type: none"><li>• Collating information from the Company's records regarding assets;</li><li>• Liaising with finance companies in respect of assets subject to finance agreements;</li><li>• Liaising with agents regarding the sale of assets;</li><li>• Reviewing outstanding debtors and management of debt collection strategy;</li><li>• Liaising with third parties regarding costs incurred;</li><li>• Reviewing and agreeing invoices;</li><li>• Reviewing costs incurred to ensure recorded accurately; and</li><li>• Arranging payments to agents and solicitors in a timely manner.</li></ul>
Trading	<ul style="list-style-type: none"><li>• Attend weekly meetings with the Senior Operations Team and Cornerstone;</li><li>• Attend weekly meetings with the finance team;</li><li>• Review and analyse monthly management information;</li><li>• Attending to supplier and customer queries and correspondence;</li><li>• Reviewing invoices to ensure they correspond with the relevant purchase orders;</li><li>• Attending site to provide support to finance team;</li><li>• Review of information provided in relation to payment runs;</li><li>• Raising payments to suppliers in respect of Administration costs; and</li><li>• Contacting all suppliers to obtain final invoices for the trading period.</li></ul>
Tax	<ul style="list-style-type: none"><li>• Analysing and considering the tax effects of asset sales;</li><li>• Analysing VAT related transactions;; and</li><li>• Dealing with post appointment tax compliance.</li></ul>

## **Appendix 7 – Statement of Creditors' rights**

Rule numbers refer to *Insolvency (England & Wales) Rules 2016 (as amended)*

Section or paragraph numbers refer to *Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Ashley Horsfall at [Ashley.Horsfall@kroll.com](mailto:Ashley.Horsfall@kroll.com).

### **Information for Creditors on remuneration and expenses of Administrators**

Information regarding the fees and expenses of Administrators, including details of Kroll's expense policy and hourly charge out rates for each grade of staff that may undertake work on this case, can be viewed and downloaded from the Kroll website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Click on the document - Creditor Guides (amended for changes introduced by the Insolvency (England & Wales) Rules 2016 from 6 April 2017) – Administrations.

Should you require a copy (at no cost), please contact this office.

### **Creditors' requests for further information**

If you would like to request more information about the Joint Administrators' remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from Unsecured Creditors must be made with the concurrence of at least 5% in value of Unsecured Creditors (including, the Unsecured Creditor making the request) or with the permission of the Court.

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications are by Unsecured Creditors (including the Unsecured Creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Jack Priestley a [jack.priestley@kroll.com](mailto:jack.priestley@kroll.com).

## Appendix 8 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	9 November 2022, being the date of appointment of the Joint Administrators
DBT	Department for Business & Trade
Category 1 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to persons providing the service to which the expense relates and who are not an associate of the Administrator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to associates or where there is an element of shared costs. Such expenses require approval by Creditors before payment
Churchlake Care	Churchlake Care Limited (in administration) (Company Number: 10183329)
Churchlake NE	Churchlake NE Hold Co Limited (in administration) (Company Number: 14216678)
Church Lake	Church Lake Limited (in administration) (Company Number: 10830656)
the Company / the Home	Herrington Mews Ltd (In Administration) (Company Number: 09559192), The Mews Care Home, Southburn Terrace, New Herrington, Houghton Le spring, Tyne and Wear, DH4 7AW
Cornerstone	Cornerstone Care Solutions Limited, specialist clinical care operator instructed by the Joint Administrators to assist with the operation of the Company's care home
Crystal Croftdene	Crystal Croftdene Limited (in administration) (Company Number: 10871470)
Cumbria Nursing Services	Cumbria Nursing Services Limited (in administration) (Company Number: 02283239)
the Cumulative Period	The period from the date of appointment to the date of the report, 9 November 2022 to 8 November 2023
CQC	Care Quality Commission: the independent regulator of health and social care in England



the Directors	Alan Jebson, Margarita O'Malley and Frederick Sinclair-Brown, the directors of the Company
EC Regulation	EC Regulation on Insolvency Proceedings 2000
Eastbourne House	Eastbourne House Limited (in administration) (Company Number: 09565812)
Eastgate Manor	Eastgate Manor Limited (in administration) (Company Number: 11116882)
the Group	Churchlake Holdings, Churchlake Care, Lakeland Care Services, Church Lake, Lakeland Care Group, Cumbria Nursing Services, Churchlake NE, Herrington Mews, Eastbourne House, Eastgate Manor, Primrose House and Crystal Croftdene
Herrington Mews / the Mews	Herrington Mews Limited (in administration) (Company Number: 09565858)
HMRC	HM Revenue and Customs
Kroll	Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London SE1 9SG
the Joint Administrators	Philip Joseph Dakin and Benjamin John Wiles of Kroll
Lakeland Care Group	Lakeland Care Group Limited (in administration) (Company Number: 06393775)
Lakeland Care Services	Lakeland Care Services Limited (in administration) (Company Number: 05137535)
Preferential Creditor/s	A creditor with a claim that ranks in priority to other unsecured creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full.
the Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors
the Previous Progress Report	The Joint Administrators' Progress Report to Creditors dated 2 June 2023
this Reporting Period	9 May 2023 to 8 November 2023

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RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditor	TC Loans Limited, the holder of a fixed and floating charge over the Company's assets
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SOA	Statement of Affairs, documentation supplied by the Directors outlining the Company's financial position as at the Appointment Date
Statement of Proposals	The Joint Administrators' Statement of Proposals dated 23 December 2022
VAT	Value Added Tax

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## **Appendix 9 – Notice about this report**

This report has been prepared by Philip Joseph Dakin and Benjamin John Wiles, the Joint Administrators of the Company, solely to comply with their statutory duty to report to Creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

Any estimated outcomes for Creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for Creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Philip Joseph Dakin and Benjamin John Wiles are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Kroll Advisory Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Progress Report or the conduct of the Administration.