

AM03

Notice of administrator's proposals



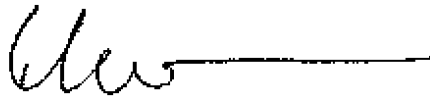
Companies House

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1	Company details	
Company number	1 0 6 0 1 7 5 0	➔ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Qualia Care Properties Limited	
2	Administrator's name	
Full forename(s)	Robert William	
Surname	Sadler	
3	Administrator's address	
Building name/number	Devonshire House	
Street	32/34 North Parade	
Post town	Bradford	
County/Region		
Postcode	B D 1 3 H Z	
Country		
4	Administrator's name ⓐ	
Full forename(s)		ⓐ Other administrator Use this section to tell us about another administrator.
Surname		
5	Administrator's address ⓐ	
Building name/number		ⓐ Other administrator Use this section to tell us about another administrator.
Street		
Post town		
County/Region		
Postcode		
Country		

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="checked" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕  ✕</div>		
Signature date	<div><div>06</div><div>11</div><div>2020</div></div>		

AM03

Notice of Administrator's Proposals



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 **David Hodgson**

Company name **Auker Rhodes Limited**

Address **Devonshire House**
32/34 North Parade

Post town **Bradford**

County/Region

Postcode **B D 1 3 H Z**

Country

DX

Telephone **01274 299499**



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 and dated 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

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

**QUALIA CARE PROPERTIES LIMITED
(IN ADMINISTRATION)
ADMINISTRATOR'S PROPOSALS**

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
LEEDS INSOLVENCY AND COMPANIES LIST**

**IN THE MATTER OF THE INSOLVENCY ACT 1986
AND
IN THE MATTER OF QUALIA CARE PROPERTIES LIMITED**

4 November 2020



AUKER RHODES ACCOUNTING LIMITED

Devonshire House
32-34 North Parade
Bradford
BD1 3HZ

Tel: 01274 299499

THE ADMINISTRATOR'S STATEMENT OF PROPOSALS ("THE PROPOSALS")

These Proposals and report are being sent to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 ("the Act") and Rule 3.35 of the Insolvency (England and Wales) Rules 2016 ("the Rules").

This report is private and confidential and is for the sole purpose of providing creditors of the Company with the information that an Administrator is required to do by the Act and Rules. No part of this report may be reproduced or quoted from, referred to or used for any other purpose without the express permission of Robert William Sadler ("the Administrator").

I have prepared this report based upon the information that is available to me on the date the report is issued. Any estimated outcomes are believed to be correct at that date, but may not be relied upon other than as guidance as to what the final outcomes may be.

COMPANY STATUTORY INFORMATION

Company name:	Qualia Care Properties Limited		
Former company name:	N/A		
Trading name:	Qualia Care Properties		
Date of incorporation:	6 February 2017		
Companies House registered number:	10601750		
Registered office:	Devonshire House, 32-34 North Parade, Bradford, BD1 3HZ		
Former registered office:	St James House, 28 Park Place, Leeds, LS1 2SP		
Trading address:	St James House, 28 Park Place, Leeds, LS1 2SP		
Nature of business:	Dormant company		
Directors and their shareholdings:			Shares
	Robin Scott Forster	22/02/2017 – date	1
	John Hall	11/09/2020 – date	-
	Daniel Howarth	15/04/2019 – 11/09/2020	-
	Paula Heslop	15/04/2019 – 28/08/2020	-
Other shareholders:	N/A		
Company secretary:	Andrew Lindsay		
Accountants:	Hentons		
Registered charges:	None		

APPOINTMENT OF ADMINISTRATORS

Date of Administration:	11 September 2020		
Date of Administrators' appointment:	Robert William Sadler	11/09/2020	
	John Paul Sugden	11/09/2020 – 15/10/2020	
Court case number:	Leeds Insolvency & Companies List, CR-LDS- 2019-000725		

Creditors should note that:

- I was appointed by the Company on 11 September 2020;
- as Administrator, I act as an officer of the Court and as an agent of the Company without personal liability;
- I am licensed by the Insolvency Practitioners Association.

Change of Administrator

John Paul Sugden was removed as Joint Administrator of the Company by an Order of the Court dated 15 October 2020 on the basis that he has retired from practice as an insolvency practitioner.

Under the terms of the Order, John Paul Sugden is granted his release, or discharge from liability, as appropriate, 21 days after the publication of the Order.

Statement of no conflict

I, together with Mr Sugden, have taken a number of other appointments where there is common ownership or directorship with the Company:

- Birchley Hall Limited (in a Company Voluntary Arrangement ("CVA"));
- Downshaw Lodge Limited (in a CVA);
- MBI Ferndale Limited (in a CVA);
- MBI Lynwood Limited (in a CVA);
- MBI Sandycroft Limited (in a CVA);
- MBI Walsden Care Limited (in a CVA);
- Oakesway Limited (in a CVA); and
- Qualia Care Developments Limited (in Administration).

The possibility of an actual, or the perception of a, conflict was considered carefully by me prior to accepting the appointment. I am satisfied that no such conflict arises and that I am actually best placed to undertake the Administration given my considerable experience of finding solutions for the benefit of creditors in these very difficult and technical circumstances.

FINANCIAL INFORMATION

The accounts filed at Companies House may be summarised as follows:

	Unaudited accounts for the year ended 28 February 2019	Unaudited accounts for the period ended 29 February 2018
	£	£
Fixed assets	-	-
Current assets	1	1
Creditors: Amounts falling due within one year	(155)	-
Net current assets / (liabilities)	(154)	-
Total assets, less current liabilities	(154)	-
Share capital	1	1
Profit and loss account	(155)	-

EU REGULATION

Regulation (EU) Number 2015/848 of the European Parliament and of the Council applies to these proceedings, which the Administrators believe are “main proceedings” within the meaning of Article 3 of the Regulation.

THE OBJECTIVE OF THE ADMINISTRATION

An Administrator must¹ perform their functions with the objective of:

- (a) rescuing the Company as a going concern; or
- (b) achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (ie go into Liquidation) without first being in Administration; or
- (c) realising property in order to make a distribution to one or more of the secured or preferential creditors.

Administrators must always pursue the first objective (a) unless they think that it is not reasonably practicable to achieve it or that objective (b) would achieve a better outcome for the creditors as a whole.

Administrators can only perform their functions with objective (c) where they think that it is not reasonably practicable to achieve objectives (a) or (b) and that the interests of the creditors as a whole are not unnecessarily harmed.

I am performing my functions in accordance with objective (b). A sale of certain of the Company's assets has been achieved at a level that will see a better result for the Company's creditors as a whole than would be likely if the Company had been wound up.

BACKGROUND

The Company was incorporated on 6 February 2017 by Robin Forster (“the Director”).

During the Company's trading period, which commenced in 2019, it purchased a freehold care home property using a long-lease sale and leaseback model relating to individual rooms within the care home to raise monies from private individuals and companies. The Company's model, which mirrored that of an associated company, Qualia Care Developments Limited (“QCD”), saw it identify challenging homes that could be bought, traded and improved to achieve a significantly greater value at a later date.

The MBI companies

It has been widely reported that the Director was, some years ago, in business with Gavin Woodhouse. Together they were directors of a number of companies that were intended to develop a hotel, leisure and care group, whose members were prefixed “MBI”. The business relationship broke down in late 2015 following articles in the national press that concerned the Care Quality Commission (“CQC”) and also the Director.

The Director attempted to extricate himself from the joint ownership of various companies and became the sole director of the seven companies listed in the *Appointment of Administrators* section above. Those companies were all in, or were intended to be in, the care sector and all had been funded by the sale of long-lease of rooms.

Mr Woodhouse's business empire spectacularly collapsed in the summer of 2019, following an application for Administrators to be appointed over three of his companies, being lodged with the Court by creditors who had not received payment of their periodic returns. MBI Walsden Care Limited (“Walsden”) was a fourth company included within the same application, even though Mr Woodhouse had ceased any association with it in early 2016.

¹ Paragraph 3 of Schedule B1 of the Act

Administrators at Duff & Phelps have been appointed over the majority of Mr Woodhouse's companies, with at least two other firms of insolvency practitioners appointed over certain others. Over thirty companies being operated by Mr Woodhouse are now in either Administration or Liquidation.

Since June 2019, when the application papers were served on the Director, he has sought to protect the MBI companies from hostile debt recovery action by individual creditors and each of the seven companies is now in a CVA approved by the requisite majorities of each company's creditors.

Undoubtedly, the Director's former association with Mr Woodhouse has had serious ramifications for both himself and the group of care homes that he has built and developed after parting company with Mr Woodhouse.

Qualia Care

The care home that was acquired by the Company is currently not trading, but is intended to be operated under the Qualia Care brand in accordance with an operator agreement with Qualia Care Limited ("QCL"). I have been provided with a copy of the operator agreement, which is recently dated but was apparently the formalisation of the prior relationship between the Company and QCL, which have historically been under the common ownership of the Director.

Latterly, QCL became a 100% owned subsidiary of Qualia Care Holdings Limited ("QCHL"), which is, in turn, again owned by the Director.

The Financial Conduct Authority ("FCA") enquiry

The Company is not authorised or exempt under the Financial Services and Markets Act 2000 ("FSMA").

It is now apparent to the Administrator that the FCA commenced an enquiry into the Company in early 2020 in the belief that it may be operating as a collective investment scheme ("CIS"), or schemes, within the definition of section 235 of FSMA. I understand the directors of the Company have disputed this assertion, which I am aware has been made numerous times in various proceedings relating to other companies connected to the Company through common ownership and directorship.

In support of the directors' position, the Director holds a Counsel's Opinion dating back to 2016 from Andrew McGee of Kings Chambers. Professor McGee is an academic and barrister who lists financial services amongst his areas of expertise. A copy of this Opinion has been provided to me by the Director in my capacity as Administrator.

My firm was initially approached for advice in relation to the financial affairs of the Company, by the then directors of the Company, following the receipt of two letters from the FCA, both dated 17 August 2020. The letters outlined the assertions noted above whilst requesting information, documentation and undertakings from the Company's directors.

On 28 August 2020 and 11 September 2020, respectively, Paula Heslop and Daniel Howarth are recorded at Companies House as having resigned their directorships in relation to the Company. Mr Forster was therefore sole director of the Company from 11 September 2020.

I met with the Director in relation to the Company on 21 August 2020 ("the First Meeting") at his office. From the outset, the Director was intimating a wish to see all creditors of both the Company and QCD repaid in full.

It was explained to me at the First Meeting that the vast majority of the Company's debts, barring some relatively minor trade creditors, were in relation to aborted acquisitions of the Airedale (Alder Manor) care home. 28 intended leaseholders had paid monies to the Company and entered into Sale Agreements in anticipation of receiving leases to specific rooms in that care home. Their total debts were estimated to be around £2 million.

The Company was not able to complete the transaction due to:

- the CQC making clear its intention to refuse any further applications for additional locations to be registered to QCL as it had expressed concerns about sustainability of the long-lease funding model generally (to which I refer further below); and
- the FCA launching its enquiry into the long-lease funding model for care homes and specifically requesting, by letter of 17 August 2020, undertakings from the Company's directors that they "will not sell or otherwise transfer to any investor any room in a care home" or "dispose of, deal with or diminish the value of any of [the Company's] assets" This was clarified within the covering letter to mean it would "prevent [the Company] making payments / returns to investors".

This second requested undertaking in relation to payments to leaseholders was relaxed by the FCA in correspondence with the Company's solicitor in the week of the Administration appointment, however, this would still have provided no solution for the 28 intended leaseholders of Alder Manor.

As a consequence (which I assume to be unintended) of the FCA and CQC's concern for the Company's leaseholders and the sustainability of the long-lease funding model, both the Company and QCD were rendered insolvent on the basis that they could not repay monies to those clients without leases and had no prospects of doing so in the short to medium term. Any one of those clients could have made demand for repayment of their debt, with resulting and

significantly detrimental consequences for the other creditors, the existing leaseholders, the staff of QCL and its residents. The situation therefore needed to be considered and addressed with great care.

On 11 September 2020, the Company and QCD were placed into Administration and I was appointed as Administrator.

The long-lease funding model

In the past few years there have been a number of high profile collapses of companies that have been predominantly funded by the sale of long leases. They include, in addition to Mr Woodhouse's Northern Powerhouse group, Park First, in respect of parking spaces, where Smith & Williamson are appointed, Carlauren with regard to non-trading care homes, and Signature Living in the hotel and leisure sector. The latter two series of insolvency appointments are being dealt with by Quantuma and Duff & Phelps.

I have read with interest the approach of other insolvency practitioners to their appointments. It would appear that Smith & Williamson have achieved some success with Park First and ultimately intend to propose a CVA with creditors. Quantuma and Duff & Phelps, in respect of their Carlauren and North Powerhouse appointments, appear to be adopting a more aggressive stance in respect of the leaseholders in those matters, involving Court proceedings.

It is a matter of public record at Companies House that the prospects for a financial return to creditors are minimal, when properties subject to long-leasehold interests are dealt with in Administration without seeking a consensual solution.

THE COMPANY'S ESTIMATED STATEMENT OF AFFAIRS

A Statement of Affairs has yet to be provided by the Director of the Company but I have included an estimate of the Company's position as at the date of my appointment at Appendix A.

Liabilities

The addresses of individuals have been redacted.

There are no known secured or preferential creditors.

In this instance there are four types of unsecured claims:

Trade creditors

General creditors include creditors who have provided goods or services to the Company for which they have not received payment. These creditor claims will be agreed following receipt of documentation to substantiate the debts.

Leasehold creditors

28 leasehold creditors have been valued on a net cash basis. The calculation of the claims is based on the initial deposit paid less any returns paid to date.

Contingent creditors

37 leaseholders of rooms in the Company's care home have now been transferred to Property Alternative Holdings Ltd ("PAHL"). They have contingent claims against the Company. For the purposes of the Estimated Statement of Affairs each claim is valued at £1.

Assets

The Company's primary asset is the care home known as Clifton Meadows or Sapphire Court. The care home has a trading name and a name that was used for marketing purposes.

The Company had a book debt due in respect of an inter-company debt. It is payable by a connected company that is now subject to a CVA and no dividend is anticipated as the claim has been waived.

A deposit had been paid in respect of the purchase of the Airedale care home. The deposit is for the sum of £127,500.

The Company is owed £50,000 by QCHL. £935,302 is owed by QCD.

Cash at bank amounting to £142,975 was held in the Company's account with Santander.

£1 of share capital is unpaid.

WHAT THE ADMINISTRATOR HAS DONE SO FAR

Upon appointment

Immediately following my appointment, I requested the Director to supply the complete set of the Company's bank statements (which would clearly cover the raising of funds from intended leaseholders of the Airedale care home).

My cashier also contacted Santander Bank at the same time to close the Company's account and to draw down the residual funds of £142,975 into the Administration client account set up for the Company.

QCHL has been requested to repay its debt to the Company of £50,000.

I have instructed Morton Legal, the Company's former legal advisers, to assist with the recovery of the deposit paid to the vendor in respect of the Airedale care home acquisition. The vendor's solicitors had indicated that they would return the deposit but are now delaying repayment.

The freehold care home property

Fisher German, a firm of RICS qualified valuers with experience in the care home sector, was instructed by me to value the Company's freehold property, together with those owned by QCD. I understand that Fisher German visited the property to conduct an external appraisal. For reasons relating to the Covid-19 pandemic, Fisher German did not seek to enter the care home property.

The property has been valued at market value, subject to the individual 125 year long-leasehold interests, on the assumption that the building is suitable for purpose, well maintained with a useful economic lifespan of over 25 years, has been designed with reference to the relevant guidance and is registered for the maximum number of residents that may be catered for in accordance with the relevant CQC's registration.

I was provided with a written summary of Fisher German's report on 9 October 2020. It values the freehold property at £495,000, taking into account the multitude of leases in respect of rooms that are registered and unregistered with HM Land Registry.

Fisher German's covering email also states, however:

"An operational buyer and provider of care will see the higher occupancy homes to be more attractive and they should be able to generate enough income per week, depending on the home and the specialist care offered, to pay returns to investors and thus maintain the values given.

In the absence of such a buyer, the fundamental issue here is the investments that have been created are an over-supply of investment in the rooms itself, not in property. The freehold owners/operator does retain some control over the land and buildings but should they run out of money to pay the investors the 10% returns or buy back the rooms and default, there is a significant risk to value. The investors will not be able to sell their rooms for as much as they paid for them to a third party in the current market. A room in a care home to which the operator/owner controls access is a very different asset from say a buy-to-let flat to which the investor controls access. In the extreme case, such investments in the care home room could be worthless if the home shuts, meaning the room generates no income, and nobody is willing to buy out investors who own leases on individual rooms in order to take it over. It is unlikely a liquidation sale will provide enough to compensate all investors in this eventuality. The assets will be seen as onerous and the value could well be nominal as a result."

I have read many reports and commentary prepared by other insolvency practitioners and agents acting on their behalf in relation to other insolvent companies' long lease models. Some practitioners have taken a more aggressive and less consensual approach to dealing with leaseholders, in certain cases attempting to persuade the Courts to strip properties of their leases to create value. Such applications have, to date, been unsuccessful. There is a general acceptance that the value of freehold properties, when subject to multiple long-leases granted at a premium, is significantly impacted leaving little or no realisable value.

Considering the comments of Fisher German above it was considered that the valuation was, at best, hypothetical and, realistically, unachievable.

My review of the Company's books and records

Having been given the financial information provided by the Company in the first days of the Administration it was clearly evident that monies had been moved between the Company, QCP and QCL in the days immediately prior to my appointment. The sum of £550,000 was paid to the Company from QCD and £410,000 was paid by the Company to QCL.

A review of the Company's records determined that the £410,000 related to a £10,000 per bed reverse premium payable to the care provider, QCL, in respect of the 41 beds in the Clifton Meadows care home.

I, therefore, discussed the transfers with the Director and was informed that the sum was due to QCL by the Company and that the transfers had taken place to clear all inter-company balances owed by the Company and QCD to QCL and to sweep funds into, in the director's view, the correct accounts and entities. The Director stated that he was concerned that, had the debts remained outstanding, at the accrued levels they had reached at the start of September 2020, then QCL which is the care provider across twelve trading care homes, would have been left without sufficient funds as it entered the autumn and winter periods in these particularly uncertain times due to the Covid-19 pandemic.

I noted the transactions and considered them in detail. Both could have fallen within the definition of preferences, pursuant to section 239 of the Act, or a breach of the Director's duties with regard to section 212 of the Act.

It is important to note that I would not have consented to the appointment over the Company without a clear exit plan from the Administration. The plan had been to find a solution that could repay all the Company's creditors' capital in full.

I was, therefore, placed in a position of having to weigh up the consequences of making an immediate demand for repayment of those sums against continuing to explore the viability of entering into a sale contract to sell the Company's twelve freehold care home properties.

My decision considered the highly likely scenario that such a demand would, ultimately, have:

- seen the failure of the entire group, including QCL;
- resulted in the closure of all trading care homes, making hundreds of staff and residents unemployed and homeless, respectively;
- condemned the leaseholders in the Company to, at best, a minimal dividend from the sale of the freehold property if, as Administrator, the voluntary surrender of approximately 41 individual leases could be negotiated (which was far from certain); and
- diluted the dividend that could be available to the 28 intended leaseholders.

I, therefore, chose the latter option of negotiating a sale and, in my professional opinion, believe that it was and remains the right thing to do and would achieve the best outcome for the Company's creditors, the leaseholders and, by extension, the staff and residents of QCL.

The Director, Mr Forster

My colleagues and I spreadsheeted and analysed the Company's bank statements over the Company's entire trading period. All monies that should have been received in relation to the sale of leases were reconciled.

I was able to conclude that all sums relating to the Company's room sales were properly accounted for and banked, although on occasions the conveyancing solicitors paid monies to the wrong contracting party (the Company or QCD) resulting in an inter-company account between those companies.

I have seen no withdrawals in favour of the Director over this period.

I requested and obtained an assets and liabilities statement from the Director, prior to entering into the sale contract. This allowed me to form an opinion of the merits of taking action against him, should any claim be identified.

Based upon the information provided and allowing for tax liabilities and costs of realisation and enforcement (including the potential for the action to be contested), I determined that a material sum in the context of the Company's overall liabilities was unlikely to be recoverable and incurring the costs of such action would not be in the interests of the creditors of the Company.

The sale of certain assets of the Company

Creditors will note from the *Background* section above that the Director wishes to see those creditors, who the Company is no longer able to issue leases to, repaid in full.

A sale of certain of the Company's assets was negotiated with PAHL and completed on 12 October 2020, a month after my appointment.

PAHL was formed immediately in advance of the acquisition and has thirteen subsidiaries, named "PAH [care home] Ltd" into which each freehold care home property has been transferred, together with all its leasehold interests. The shares of PAHL are owned by Mr Forster.

The purchase price was set by reference to my calculation of the required sum to repay all the 28 intended leaseholders' capital in full, together with the other unsecured creditors. The sale contract included the care homes owned by QCD and an allocation of the sale price in respect of the inter-company debt position between the Company and QCD. Upon payment of all consideration, at a total of £5,852,654, plus VAT where appropriate and fixed costs, in accordance with the payment terms of the sale agreement (as set out below) I am confident that, in time, there will be sufficient monies available to pay a dividend of 100 pence in the pound to the creditors of both companies.

Security by way of a debenture has been taken over the assets of the purchaser, PAHL, which include the shares of each of its thirteen subsidiaries, where title to each freehold care home property is now held. I also requested and was granted an unlimited guarantee by QCL and a limited personal guarantee by the Director.

In addition to the sale of the Company's and QCD's properties the sale agreement included an assignment of debts that were historically due to the Company, but that had already been compromised to the benefit of the creditors of the companies listed below. The Company was not due to rank for a dividend in any of the CVAs.

The Company's debt that has been sold and the consideration paid is detailed below:

Company	Debt (£)	The Company's right to a dividend (£)	Consideration (£)
MBI Walsden Care Limited (in CVA)	65,000	-	11,000

The balance of the transaction is made up of £4,143,654 allocated to liability reimbursement across both the Company and QCD and £300,000 plus VAT as a contribution to the estimated costs of the Administrations (and subsequent Liquidations). The consideration in respect of the sale is payable on the following terms:

- £50,000 was paid immediately;
- Thereafter, the sum of £500,000.00 per annum for a period of 8 years payable in quarterly instalments on or before 31 March, 30 June, 30 September and 31 December with the first payment to be made on or before 31 December 2020 (the total to be paid under this clause 3.2.2 being £4,000,000.00); and
- The balance of £1,802,654.00 (plus VAT in respect of the costs) on or before 31 December 2028.

FCA injunction against the Director

Following completion of the sale of certain assets as outlined above, I was served, by email of 27 October 2020 to my solicitors, with a copy of an order ("the Order") of the Honourable Mr Justice Birrs made against the Director, Robin Scott Forster.

The Order was made at an injunction hearing on the application of the FCA against the Director. I have now also been provided by the Director's solicitor with a copy of the Affidavit ("the FCA's Affidavit") of a member of the FCA's staff, which supported the application and a transcript of the hearing. Whilst neither I nor the Company are named as party to these proceedings, reference to the sale of assets above was made in the FCA's Affidavit, including a suggestion that the assets had been sold at an undervalue.

Creditors should note that my solicitors have, since the commencement of the Administration, corresponded with representatives of the FCA. I also offered and the FCA accepted an invitation to meet with four of the FCA's representatives by video conference at 11am on 19 October 2020.

During that meeting, the FCA's note of which is included within the exhibit to the FCA's Affidavit, I explained in full and in layman's terms my understanding of the value of the freehold properties in accordance with the valuation advice received by Fisher German (as referred above) together with the nature and extent of the transaction (also as referred above) and the way forward with the Administration in accordance with the statutory objective and in the interests of the general body of creditors of the Company.

During the meeting, the FCA's representatives, including the individual who affirmed the FCA's Affidavit, were given the opportunity to ask questions if they required further information. The meeting lasted approximately 45 minutes.

Having read the FCA's Affidavit and the transcript detailing the submissions of Counsel on behalf of the FCA I do not consider the above to have been accurately reflected.

In this regard I instructed Gateley to write to the FCA to clarify what I consider to be significant misunderstandings on their part. Whilst the contents of that letter are private and confidential, a request was made that it should be drawn to the attention of the Judge when the injunction hearing is brought back to Court.

It remains my view, supported by the external advice sought throughout the process, that the Company's assets have been sold at a level significantly higher than could have been achieved by any other realisation or recovery strategy, in the interests of the general body of creditors of the Company and in accordance with my duties as Administrator.

The effect of the injunction on the asset sale

Whilst neither I nor the Company are a respondent to the injunction proceedings and cannot comment further in that regard, I am following the progression of these proceedings in the interests of the creditors of the Company.

The Order prevents the Director from dealing with or diminishing the value of any of his assets, including funds or assets held by companies under his control, which includes the purchaser company and its subsidiaries under the asset sale agreement.

QCL has been specifically excluded from the Order and I understand continues to trade in its capacity as provider of care home services relatively unaffected, although I also understand the account of its holding company has been frozen by its bank.

Whilst the injunction against the Director remains in place, the ability of the purchaser to meet its liabilities under the asset sale agreement and generate the intended return to creditors will, at least in the short term, be impacted. If this is not resolved in good time, then I would have to consider enforcing the security against PAHL and calling upon the guarantees given by QCL and the Director. If this proves necessary, it would likely result in a significantly reduced dividend payable to the creditors of the Company than would be afforded under the terms of the asset sale as agreed.

THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT

A Receipts & Payments Account to date can be found at Appendix B.

THE ESTIMATED OUTCOME FOR CREDITORS

I am not aware of any secured or preferential creditors.

I am required² to provide an estimate of the Company's Net Property and the Prescribed Part, which is calculated as a percentage of it. The Prescribed Part is, however, only relevant where there is an unsatisfied floating charge over the Company's assets and, in this case, the Prescribed Part does not apply as there is no such charge in existence.

The sum negotiated to be paid by PAHL, in addition to the monies to be realised from the Company's assets not included within the sale agreement, will be available to unsecured creditors in the Administration. This total sum is expected to return all capital invested by unsecured creditors in full, on the assumption that the claims of leaseholders of rooms in care homes that have been transferred to PAHL do not revert to the Company.

It is intended that the Company will be placed into Liquidation in due course to allow for the collection of the deferred payments following the asset sale and to allow for regular dividends to be paid.

I had delayed the issuing of these Proposals in the hope that the injunction proceedings against the Director would have been resolved one way or another. Unfortunately they have been delayed and I am, therefore, unable to provide creditors with any clarity at this time. I am obliged to send these Proposals to creditors within a statutory timescale and will, therefore, have to report to creditors again once I know of the outcome of the proceedings.

THE ADMINISTRATOR'S PROPOSALS

I believe that I will be able to achieve objective (b); ie getting a better outcome for creditors as a whole than would be likely if the Company had been wound up.

The decisions to be considered by creditors are, therefore:

- 1) The Administrator's Proposal for achieving objective (b) as the purpose of the Administration are approved.
- 2) The Company shall remain in Administration for such period as the Administrator deems necessary and appropriate.
- 3) That the Company exit Administration by way of Creditors Voluntary Liquidation.

² Rule 3.35(6) of the Rules

- 4) The Administrator shall do all such things and exercise his powers as set out in the Act to the extent that he deems necessary to further the objective of the Administration.
- 5) The establishment of a committee of creditors where sufficient nominations are received by the Decision Date.
- 6) Where a committee of creditors is not established, the Administrator shall be remunerated by reference to the time properly spent by him and his staff in attending to the Administration.
- 7) Where a committee of creditors is not established, the Administrator's fee estimate shall be approved.
- 8) Where a committee of creditors is not established, the Administrator shall be entitled to draw his own company's costs and expenses, described as Category 2 Disbursements, when funds allow.
- 9) The Administrator shall be discharged from all liability upon the Administration coming to an end or his appointment otherwise ceasing.

Decisions (1) to (4) are to be made via the deemed consent procedure unless sufficient creditors object. Decisions (5) to (9) will be put to creditors by postal vote. The relevant Notices are at Appendices C and D.

PRE-APPOINTMENT COSTS

My pre-appointment costs in relation to the Administration were agreed by the Company at £3,000 plus VAT and have been settled in advance of the Administration commencing.

THE ADMINISTRATOR'S REMUNERATION, EXPENSES & DISBURSEMENTS

Expenses & disbursements

I am obliged to provide an estimate of the nature and amount of my expenses and disbursements for the entire duration of the Administration based upon current information. For me to produce the estimate I have had to make assumptions, as described below.

During the Administration it may transpire that some of the expenses may not be incurred, or that I may be required to incur additional expenses. An updated position will be reported to creditors in my progress and final reports.

My choice of professional advisers and suppliers of services to the Administration is based upon my experience and my perception of the ability of the various firms or individuals to perform the necessary work or service, the complexity of that work or service and the basis of their fee.

The following estimates are inclusive of VAT as the Company was not VAT registered and VAT will not, therefore, be recoverable.

			Estimated cost
Supplier	Expense or disbursement	Fee basis	£
Fisher German	Valuation advice	Fixed fee	3,200
Gateleys	Legal advice	Time costs	24,000
Courts Advertising Limited	Statutory advertising	Fixed fee	120
Insolvency Risk Services	Bond premiums	Fixed fee	1,820

Remuneration

It is proposed that my remuneration will be based upon time costs.

The approval of this basis for calculating my remuneration will be put to creditors by way of a Decision Procedure. The amount estimated to be incurred by me throughout the Administration is £89,600, which effectively acts as a cap on the level of fees that can be drawn. This equates to an average hourly rate of £223.89.

The information set out in the table below is a breakdown of my estimate of my remuneration.

All remuneration is subject to VAT at the prevailing rate.

Remuneration	Note	Estimated hours	Rate £	Total £
Case administration	1	185.0	219.49	40,605.00
Realisation of assets	2	78.5	238.79	18,745.00
Investigations	3	33.2	228.92	7,600.00
Case specific matters - FCA	4	10.5	238.10	2,500.00
Creditors & shareholders	5	51.0	210.78	10,750.00
Closure	6	42.0	223.81	9,400.00
Total		400.2	223.89	89,600.00

1. Case administration

The current financial position of the Company has been established.

Following my appointment, a review of the statutory objective for the Administration was undertaken. The Administration strategy will be kept under review before determining the appropriate point at which to place the Company into Voluntary Liquidation.

Time includes the review and production of statutory and appointment documents together with the initial meetings held with the Director and third parties. Internal staffing requirements were determined in respect of tasks to be undertaken.

The case administration will be periodically reviewed in accordance with statute and best practice.

Progress Reports, including details of my receipts and payments will be prepared on a six monthly basis throughout the period of the Administration.

Statutory, regulatory and matters which are best practice will be dealt with.

2. Realisation of assets

All of the Company's assets have been identified and have been taken under my control. A strategy for their recovery and the receipt of funds has been determined. Valuers and solicitors have been engaged and a sale of certain of the Company's assets to PAHL has been completed.

3. Investigations

Investigations into the Company's trading prior to the Administration have been undertaken together with investigations into the directors' conduct.

Statutory reporting to the Department of Business, Energy and Industrial Strategy will be completed and submitted within three months of my appointment.

4. Case specific matters – FCA

It has been necessary to correspond with the FCA both prior to and post the injunction obtained against the Director. Clearly, the FCA's future actions in relation to the Director and, consequently, the Company will be critical to the outcome for creditors.

5. Creditors

Creditor claims are being received and recorded. Legal advice with regard to quantum and validity may be sought where appropriate.

6. Closure

A Final Report to creditors will be prepared including a final receipts and payments account, an analysis of time costs incurred and a review of actual against estimated costs. Administrative arrangements will be completed.

Time and expenses incurred to date

The time costs already incurred since appointment are set out at Appendix H. They amount to £13,835.

Enquiry into and challenging the Administrator's remuneration, expenses and disbursements

The following parties may make a written request to the Administrator³ for further information with regard to their remuneration, expenses or disbursements.

³ Rule 18.9 of the Rules

- A secured creditor
- A non-preferential, unsecured creditor with the concurrence of at least 5% in value of the non-preferential, unsecured creditors, including the creditor raising the request.
- Any non-preferential, unsecured creditor with the permission of the Court.

The request must be made within 21 days of receipt of this report and the Administrator must reply within 14 days of receipt of the request.

If the Administrator does not respond within the specified 14 days or does not provide all the requested information, the creditors may have recourse to the Court within 21 days of the Administrator's reply or the 14 days expiring.

The following parties have a right to challenge the Administrator's remuneration or expenses⁴.

- A secured creditor
- A non-preferential, unsecured creditor with the concurrence of at least 10% in value of the non-preferential, unsecured creditors, including the creditor making the challenge.
- Any non-preferential, unsecured creditor with the permission of the Court.

The challenge is to be made by an application to Court on the grounds that the remuneration charged or the expenses incurred are excessive. Alternatively, the challenge can assert that the fee basis is inappropriate.

The application to Court must be made no later than eight weeks after receipt of the report to creditors where the charging of the remuneration or the incurring of the expenses being objected to is set out.

A guide to Auker Rhodes Accounting - Expenses and Chargeout Rates can be found at Appendix G. In the first instance, please contact the Administrator should you have any questions or concerns regarding fees incurred or to be charged.

OTHER MATTERS

Report on the conduct of the director

An Administrator has a duty to investigate the conduct of the Director and any person who I consider has been a shadow director, or has held themselves out to be a director, in the three years prior to my appointment as Administrator. The Administrator is then obliged to submit a report to the Department for Business, Energy and Industrial Strategy. That report is confidential.

If creditors wish to raise any concerns regarding the way in which the Company's business was conducted or managed, they should do so in writing to me. Likewise, creditors are invited to bring any Company assets to my attention. This request for information is standard practice and creditors should not infer any criticism of the Director.

"Ambulance chasing"

It is a sad fact that there will always be individuals and companies who seek to profit from the financial misfortune of others. I am aware that there are a number of firms, some of which are licensed insolvency practitioners, who are offering to "help" creditors to lodge their claims against the Company. Let me be absolutely clear, that this is not an altruistic move to give assistance but is done in the hope of persuading creditors to support their appointment as Liquidators of the Company in due course. Creditors are, of course, more than capable of lodging their own claims in the Administration without such help and I would urge creditors to consider carefully the likely reduction in dividend that the increased costs of a national firm of insolvency practitioners would cause.

The predicted outcome of 100 pence in the pound is calculated by reference to my own costs and fee estimate and does not accommodate the costs of firms where their charge out rates for relatively junior staff are significantly higher than my own.

⁴ Rule 18.34 of the Rules

Next steps

As stated above, I had hoped to be able to advise creditors more clearly on the likely outcome from the Administration. Due to the current injunction against the Director this is not, however, possible. I will, therefore, report again to creditors as soon as I am able and thank creditors for their patience and forbearance in the meantime.

A handwritten signature in black ink, appearing to read 'R. Sadler', followed by a long horizontal line extending to the right.

ROBERT WILLIAM SADLER
Administrator

QUALIA CARE PROPERTIES LIMITED (IN ADMINISTRATION)

Estimated Statement of Affairs as at 30 October 2020

	Book value £	Estimated to realise £	£
Assets			
Freehold property	-	£	
Book debt	1	£	
MBI Walsden Care Limited	65,000	-	
Qualia Care Holdings Limited	50,000	50,000	
Qualia Care Developments Limited	936,302	Unknown	
Deposit paid in respect of Airedale care home acquisition	127,500	127,500	
Cash at bank	142,975	142,975	
	<u>1,320,778</u>		320,477
Preferential liabilities			
None			n/a
Unsecured liabilities			
<i>Unconnected creditors</i>			
Creditors in respect of agreements for leases		2,240,800	
Trade & expense creditors		4,957	
Contingent creditors in respect of leases (37)		<u>37</u>	
			(2,245,794)
Deficiency after unsecured creditors			<u>(1,925,317)</u>
Share capital - 1 £1 share			(1)
Overall deficiency after shareholders			<u>(1,925,318)</u>

Name	Postal address	Security held	Date security given	Value of security	Amount due	Retention of title

Contingent creditors in respect of 18395 (37)

37.00	N/A
2,245,793.75	

**Qualia Care Properties Limited
(in Administration)**

**Administrators Receipts and Payments Account for the period
11 September 2020 to 30 October 2020**

INCOME	Total (£)
Freehold land & property	25,000.00
Cash at bank	142,974.71
	<hr/>
	167,974.71
	<hr/>
EXPENDITURE	
Legal fees	10,515.00
Legal expenses	102.50
Irrecoverable VAT	2,131.10
Statutory advertising	88.00
	<hr/>
	12,836.60
	<hr/>
Balance	155,138.11
	<hr/>
MADE UP AS FOLLOWS	
Floating charge current account	155,138.11
	<hr/>
	155,138.11
	<hr/>

NOTICE TO CREDITORS OF DEEMED CONSENT**QUALIA CARE PROPERTIES LIMITED (IN ADMINISTRATION)**

The following decisions are to be made by the deemed consent procedure. Therefore, the following decisions will be deemed approved unless sufficient¹ objections are received from creditors by 23.59pm on 30 November 2020, together with Notice(s) of Claim failing which the objection(s) will be disregarded.

- 1) The Administrator's Proposals for achieving objective (b) as the purpose of the Administration are approved.
- 2) The Company shall remain in Administration for such period as the Administrator deems necessary and appropriate.
- 3) The Administrator shall do all such things and exercise his powers as set out in the Act to the extent that he deems necessary to further the objective of the Administration.

This notice is delivered by Robert William Sadler of Auker Rhodes Accounting Limited.

Date 4 . 11 . 20

Signed 

Email Address: rob.sadler@aukerrhodesaccounting.co.uk

Telephone Number: 01274 299499

Address: Auker Rhodes Accounting Limited
Devonshire House
32 / 34 North Parade
Bradford
BD1 3HZ

¹ Section 379ZB(6) of the Insolvency Act 1986

INFORMATION AND GUIDANCE

Deemed consent procedure

Section 3792B

- (1) The deemed consent procedure may be used instead of a creditors' decision procedure where an individual's creditors are to make a decision about any matter, unless—
 - (a) a decision about the matter is required by virtue of this Act, the rules or any other legislation to be made by a creditors' decision procedure, or
 - (b) the court orders that a decision about the matter is to be made by a creditors' decision procedure.
- (2) If the rules provide for an individual's creditors to make a decision about the remuneration of any person, they must provide that the decision is to be made by a creditors' decision procedure.
- (3) The deemed consent procedure is that the relevant creditors (other than opted-out creditors) are given notice of—
 - (a) the matter about which the creditors are to make a decision,
 - (b) the decision the person giving the notice proposes should be made (the "proposed decision"),
 - (c) the effect of subsections (4) and (5), and
 - (d) the procedure for objecting to the proposed decision.
- (4) If less than the appropriate number of relevant creditors object to the proposed decision in accordance with the procedure set out in the notice, the creditors are to be treated as having made the proposed decision.
- (5) Otherwise—
 - (a) the creditors are to be treated as not having made a decision about the matter in question, and
 - (b) if a decision about that matter is again sought from the creditors, it must be sought using a creditors' decision procedure.
- (6) For the purposes of subsection (4) the "appropriate number" of relevant creditors is 10% in value of those creditors.
- (7) "Relevant creditors" means the creditors who, if the decision were to be made by a creditors' decision procedure, would be entitled to vote in the procedure.
- (8) In this section references to creditors include creditors of a particular class.

Notices to creditors of decision procedures

Rule 15.8(k)

... creditors who meet the thresholds in section... 379ZA(7) may, within five business days from the date of delivery of the notice, require a physical meeting to be held to consider the matter.

Request for a physical meeting

Section 379ZA

- (1) ...
- (2) ...
- (3) This subsection applies if at least the minimum number of creditors request in writing that the decision be made by a creditors' meeting.
- (4) If subsection (3) applies, P must summon a creditors' meeting.
- (5) ...
- (6) Section 3792B provides that in certain cases the deemed consent procedure may be used instead of a creditors' decision procedure.
- (7) For the purposes of subsection (3) the "minimum number" of creditors is any of the following—
 - (a) 10% in value of the creditors;
 - (b) 10% in number of the creditors;
 - (c) 10 creditors.
- (8) The references in subsection (7) to creditors are to creditors of any class, even where a decision is sought only from creditors of a particular class.
- (9) In this section references to a meeting are to a meeting where the creditors are invited to be present together at the same place (whether or not it is possible to attend the meeting without being present at that place).

Appeal process

Rule 15.35

- (1) A decision of the Convener or chair under this Chapter is subject to appeal to the Court by a Creditor
- (2) ...
- (3) ...
- (4) An appeal under this rule may not be made later than 21 days after the decision date.

Termination

- (1) ...
- (2) A notice seeking deemed consent must, in addition to the requirements of section 246ZF or 379ZB (as applicable) comply with the requirements of rule 15.8 so far as applicable and must also contain—
 - (a) a statement that in order to object to the proposed decision a creditor must have delivered a notice, stating that the creditor so objects, to the convener not later than the decision date together with a proof in respect of the creditor's claim in accordance with these Rules failing which the objection will be disregarded;
 - (b) a statement that it is the convener's responsibility to aggregate any objections to see if the threshold is met for the decision to be taken as not having been made; and
 - (c) a statement that if the threshold is met the deemed consent procedure will terminate without a decision being made and if a decision is sought again on the same matter it will be sought by a decision procedure.
- (3) In this rule, the threshold is met where the appropriate number of relevant creditors (as defined in sections 246ZF and 379ZB) have objected to the proposed decision.
- (4) For the purpose of aggregating objections, the convener may presume the value of relevant creditors' claims to be the value of claims by those creditors who, in the convener's view, would have been entitled to vote had the decision been sought by a decision procedure in accordance with this Part, even where those creditors had not already met the criteria for such entitlement to vote.
- (5) The provisions of rules 15.31(2) (calculation of voting rights), 15.32 (calculation of voting rights: special cases) and 15.33 (procedure for admitting creditors' claims for voting) apply to the admission or rejection of a claim for the purpose of the convener deciding whether or not an objection should count towards the total aggregated objections.
- (6) A decision of the convener on the aggregation of objections under this rule is subject to appeal under rule 15.35 as if it were a decision under Chapter 8 of this Part.

Opted out creditors

- (1) The office-holder must, in the first communication with a creditor, inform the creditor in writing that the creditor may elect to opt out of receiving further documents relating to the proceedings.
- (2) The communication must contain—
 - (a) identification and contact details for the office-holder;
 - (b) a statement that the creditor has the right to elect to opt out of receiving further documents about the proceedings unless—
 - (i) the Act requires a document to be delivered to all creditors without expressly excluding opted-out creditors,
 - (ii) it is a notice relating to a change in the office-holder or the office-holder's contact details, or
 - (iii) it is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs;
 - (c) a statement that opting-out will not affect the creditor's entitlement to receive dividends should any be paid to creditors;
 - (d) a statement that unless these Rules provide to the contrary opting-out will not affect any right the creditor may have to vote in a decision procedure or to participate in a deemed consent procedure in the proceedings although the creditor will not receive notice of it;
 - (e) a statement that a creditor who opts out will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the same company or individual; and
 - (f) information about how the creditor may elect to be or cease to be an opted-out creditor.

NOTICE TO CREDITORS OF BUSINESS BY CORRESPONDENCE

QUALIA CARE PROPERTIES LIMITED (IN ADMINISTRATION)

Approval for the following decisions is being sought from creditors, to be decided by 23.59pm on 30 November 2020 ("the Decision Date").

- 5) The establishment of a committee of creditors where sufficient nominations are received by the Decision Date.
- 6) Where a committee of creditors is not established, the Administrator shall be remunerated by reference to the time properly spent by him and his staff in attending to the Administration.
- 7) Where a committee of creditors is not established, the Administrator's fee estimate shall be approved.
- 8) Where a committee of creditors is not established, the Administrator shall be entitled to draw his own company's costs and expenses, described as Category 2 Disbursements, when funds allow.
- 9) The Administrator shall be discharged from all liability upon the Administration coming to an end or their appointment otherwise ceasing.

This notice is delivered by Robert William Sadler of Auker Rhodes Accounting Limited.

A Voting Form, at Appendix E, must be returned to the Administrator before 23.59pm on the Decision Date. For votes to count, creditors (including those creditors whose debts are being treated as small¹ or who have opted out from receiving notices²) must also have delivered a Notice of Claim to the Administrator before 23.59pm on the Decision Date.

Date 4 . 11 . 20

Signed 

Email Address: rob.sadler@aukerrhodesaccounting.co.uk

Telephone Number: 01274 299499

Address: Auker Rhodes Accounting Limited
Devonshire House
32 / 34 North Parade
Bradford
BD1 3HZ

¹ Rule 14.31 of the Insolvency (England and Wales) Rules 2016: debts being £1,000 or less

² Section 379C of the Insolvency Act 1986

INFORMATION AND GUIDANCE

Notices to creditors of decision procedures

- Rule 15.8(k) ... creditors who meet the thresholds in section... 379ZA(7) may, within five business days from the date of delivery of the notice, require a physical meeting to be held to consider the matter.

Request for a physical meeting

- Section 379ZA
- (1) ...
 - (2) ...
 - (3) This subsection applies if at least the minimum number of creditors request in writing that the decision be made by a creditors' meeting.
 - (4) If subsection (3) applies, P must summon a creditors' meeting.
 - (5) ...
 - (6) Section 379ZB provides that in certain cases the deemed consent procedure may be used instead of a creditors' decision procedure.
 - (7) For the purposes of subsection (3) the "minimum number" of creditors is any of the following—
 - (a) 10% in value of the creditors;
 - (b) 10% in number of the creditors;
 - (c) 10 creditors.
 - (8) The references in subsection (7) to creditors are to creditors of any class, even where a decision is sought only from creditors of a particular class.
 - (9) In this section references to a meeting are to a meeting where the creditors are invited to be present together at the same place (whether or not it is possible to attend the meeting without being present at that place).

Appeal process

- Rule 15.35
- (1) A decision of the Convener or chair under this Chapter is subject to appeal to the Court by a Creditor
 - (2) ...
 - (3) ...
 - (4) An appeal under this rule may not be made later than 21 days after the decision date.

VOTING FORM FOR CREDITORS

QUALIA CARE PROPERTIES LIMITED (IN ADMINISTRATION)

Approval for the following decisions is being sought from creditors, to be decided by 23.59pm on 30 November 2020 ("the Decision Date").

Decision		
5	The establishment of a committee of creditors where sufficient nominations are received by the Decision Date.	FOR / AGAINST *
6	Where a committee of creditors is not established, the Administrator shall be remunerated by reference to the time properly spent by him and his staff in attending to the Administration.	FOR / AGAINST *
7	Where a committee of creditors is not established, the Administrator's fee estimate shall be approved.	FOR / AGAINST *
8	Where a committee of creditors is not established, the Administrator shall be entitled to draw his own company's costs and expenses, described as Category 2 Disbursements, when funds allow.	FOR / AGAINST *
9	The Administrator shall be discharged from all liability upon the Administration coming to an end or his appointment otherwise ceasing.	FOR / AGAINST *

* Please delete as applicable to indicate your vote

Please note that:

- Once a vote has been cast it cannot be changed. If you are in any doubt as to which way to vote and have a question, please contact the Administrator before casting your vote in order to seek an answer.
- The Voting Form and a Proof of Debt form must be submitted to the Administrator before 23.59pm on the Decision Date.
- Please return by either:
 - o email to: david.hodgson@aukerrhodesaccounting.co.uk; or
 - o post to: Auker Rhodes Accounting Limited, Devonshire House, 32 / 34 North Parade, Bradford, BD1 3HZ

Date _____

Signed _____
This form must be signed

Creditor _____
In CAPITAL LETTERS

Authority _____
Please state your position with the creditor or other authority for signature

NOTICE OF CLAIM**QUALIA CARE PROPERTIES LIMITED**

Name & address of Creditor				
Amount claimed: (including VAT)	£			
Date the Liability was incurred				
Nature of Liability against the Company (e.g. goods sold, services performed, etc)				
Is any party jointly liable for the Liability?	YES		NO	
Particulars of security, if any, including its value and the date it was given				
Give details of whether the whole or any part of your Claim is Preferential				
Signature of Creditor (or person authorised on the Creditor's behalf):				
Name of creditor (or person authorised on the Creditor's behalf):				
Position in relation to the Creditor				
Telephone:				
Fax:				
Email:				
Date:	/ /			

Please provide relevant documentation in support of your Claim.

If you are registered for VAT, the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

Please return this form when you have completed it to Auker Rhodes Accounting Limited, Devonshire House, 32-34 North Parade, Bradford, BD1 3HZ, or by email to david.hodgson@aukerrhodesaccounting.co.uk.

AUKER RHODES ACCOUNTING – EXPENSES & CHARGEOUT RATES

INTRODUCTION

This note applies where a licensed Insolvency Practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Required professional practice¹ states that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a specific insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges; and
- *Category 2 expenses (approval required)* – all other items of expenditure:
 - which cannot, or cannot easily, be directly related to a specific insolvency case because there is an element of shared or allocated cost; and / or
 - where the cost of the expense incurred is an estimated, utilised cost with the estimate based on external costs or opportunity cost.

EXPENSES

- *Category 1 expenses (approval not required)* – except for any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described:
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 per meeting;
 - Car mileage is re-charged at the rate of 35 pence per mile;
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is re-charged on the basis that the number of standard archive boxes held in storage for a specific case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;)
 - (A) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

STANDARD CHARGEOUT RATES AND CHARGING POLICY

The rates applying as at the date of this report are as follows:

Grade of staff	Chargeout rate (£ per hour)
Partner & appointment taker	250
Manager	200
Administrator	125
Admin / support staff	75 – 125

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of six minutes.

¹Statement of Insolvency Practice 9 (SIP 9) effective from 1 December 2015.

Qualia Care Properties Limited **Analysis of time costs for the period** **11/09/2020 to 30/10/2020**

APPENDIX H

Classification of work function	Officeholder	Manager	Other senior professionals	Assistants & support staff	Total hours	Time costs (£)	Average hourly rate (£)
Case Administration	9.10	14.40	0.00	0.00	23.60	5,166.00	219.36
Case Specific Matters	0.40	0.00	0.00	0.00	0.40	100.00	250.00
Closure	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors & shareholders	0.00	9.60	0.00	0.00	9.60	1,960.00	200.00
Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	11.20	0.00	0.00	0.00	11.20	2,800.00	250.00
Realisation of Assets	14.80	0.60	0.00	0.00	15.40	3,620.00	248.05
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	35.50	24.60	0.00	0.00	60.10	13,546.00	229.44

REQUEST TO FORM A LIQUIDATION COMMITTEE

QUALIA CARE PROPERTIES LIMITED

I wish to be considered for membership of an Administration Committee in relation to the Company:

Name & address of nominee

Name & address of creditor

Signature of creditor (or person authorised
on the creditor's behalf):

Name of creditor (or person authorised on
the creditor's behalf):

Telephone of nominee:

Email of nominee:

Date:

/ /
