

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Dorchester Care LLP	Company number. OC312987
In the Leeds High Courts of Justice [full name of court]	Court case number 442 of 2014

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

I / We, (a) Bob Maxwell of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds LS1 2JZ and Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St Edmund's Church Street, Salisbury, Wiltshire SP1 1EF

* Delete as applicable

attach a copy of *my / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 30 May 2014

Signed

Joint / Administrator(s)

Dated

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP	
9th Floor, Bond Court, Leeds LS1 2JZ	
	Tel 0113 244 0044
Fax Number 0113 244 5820	DX Number

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff



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14/06/2014
COMPANIES HOUSE

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SATURDAY

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

Dorchester Care LLP (In Administration)

Statement of proposals for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Partnership"	Dorchester Care LLP (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 10 April 2014
"the administrators", "we", "our", "us"	Bob Maxwell of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ and Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St Edmund's Church Street, Salisbury, Wiltshire, SP1 1EF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a LLP, means a creditor of the LLP who holds in respect of his debt a security over property of the LLP, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the LLP whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Partnership	Dorchester Care LLP	
Trading names	Avenue House Nursing Home Greenbushes Nursing Home	
Date of Incorporation	27 April 2005	
Partnership registered number	OC312987	
Partnership registered office	9th Floor, Bond Court, Leeds, LS1 2JZ	
Former registered office	31-33 Commercial Road, Poole, BH14 0HU	
Trading addresses	Avenue House, 8 Weymouth Avenue, Dorchester, DT1 2EN Greenbushes, 10-12 Weymouth Avenue, Dorchester, DT1 2EN	
Principal business activities	Residential care home Residential nursing care home	
Directors and details of shares held in the Partnership (if any)	Name	Shareholding
	Christopher Bialan	N/A
	Lyndale Healthcare Limited	N/A
Accountants	Morris Lane, 31-33 Commercial Road, Poole, BH14 0HU	
Share capital	N/A	
Shareholders	N/A	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment	10 April 2014
Court	Leeds High Courts of Justice
Court Case Number	442 of 2014
Person making appointment	The designated member of the Partnership, James Glanville, in his capacity as a director of Lyndale Healthcare Ltd
Acts of the administrators	The administrators act as officers of the court and as agents of the LLP without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a LLP must perform his functions with the objective of-
- (a) rescuing the LLP as a going concern, or
 - (b) achieving a better result for the LLP's creditors as a whole than would be likely if the LLP were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a LLP must perform his functions in the interests of the LLP's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the LLP's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the LLP as a whole "

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Dorchester Care LLP ("the LLP") was established in April 2005 for the purpose of operating care homes

The LLP operated a nursing care home known as Greenbushes from freehold premises at 10-12 Weymouth Avenue, Dorchester and a residential care home known as Avenue House from freehold premises 8 Weymouth Avenue, Dorchester. Both homes traded profitably until late 2013.

Following a routine inspection of Greenbushes on 20 November 2013 the Quality Care Commission ("CQC") identified a number of standards which required improvements. The registration remained in place, however in December 2013 Greenbushes closed as the LLP was unable to sustain the high levels of qualified nursing expertise required to develop and implement the necessary policies and procedures to ensure the essential standards of quality and safety were being maintained.

Greenbushes and Avenue House were both placed on the market for sale with Christie & Co in early 2014 by the LLP with consent of the secured creditor, The Royal Bank of Scotland Plc ("the Bank").

In March 2014, Avenue House began experiencing difficulties with CQC compliance following an unannounced routine inspection. This resulted in the CQC issuing proposals to cancel the registration of the LLP and placed a block on new resident referrals. The level of residents fell below the break even point contributing further to the monthly losses, as the home was over staffed for the number of residents.

The LLP was unable to meet its obligations going forward and discussions were held with the Bank to find a way to support trading whilst the CQC compliance was maintained and the block on new referrals removed, but appropriate funding could not be agreed.

To avoid closure of Avenue House and the prospect of unpaid wages, the LLP resolved to seek professional insolvency advice resulting in the appointment of Bob Maxwell and Julie Palmer of Begbies Traynor as Joint Administrators on 10 April 2014.

5. STATEMENT OF AFFAIRS

Formal notices have been sent to the LLP's designated members to submit a statement of affairs pursuant to Rule 2.28 of the Insolvency Rules 1986. To date no statement of affairs has been received but we understand that steps are being taken by the designated members to comply with their statutory duties in this regard.

In the circumstances, Rule 2.33(2) of The Insolvency Act 1986 dictates that we must provide details of the financial position of the LLP at the latest practicable date (which must, unless the court otherwise orders, be a date not earlier than that on which the LLP entered administration), a list of the LLP's creditors including their names, addresses and details of their debts, including any security held, and an explanation as to why there is no statement of affairs.

In order not to prejudice the sale of the freehold properties Greenbushes and Avenue House together with the business and/or assets, we do not wish to disclose any values in this report, except to say that we expect there will be insufficient to satisfy ("the Bank's") indebtedness of approximately £5,903,246. There will be no surplus funds available to distribute to any other class of creditor.

To this end we attach the following -

- Appendix 1 Joint administrators' account of receipts and payments as at 30 May 2014,
- Appendix 2 A list of creditors giving details of their debts and any security held. Please note that this list is based on information provided by the designated members of the LLP and does not necessarily represent a definitive list, and
- Appendix 3 Joint administrators' time costs and expenses

6. THE ADMINISTRATION PERIOD

The LLP operated two care homes in Dorchester, Greenbushes a nursing home which ceased to trade prior to our appointment and Avenue House which has continued to trade under the administrators' control. The administrators have sub-contracted the management to Goldcare Future Management ("GFM"), experts in the care home industry, to run Avenue House on their behalf.

The initial strategy was to undertake an urgent review of operations and financial forecasts, to establish whether there is a viable business, that could, with funding support and guidance from the Administrators, care home experts, local authorities and the CQC, be restored to profitability and sold as a going concern.

The Administrators and CGM are currently working closely with the Local Authorities and the CQC to ensure the standards of quality and safety are maintained, with a view to the block on new resident referrals being removed prior to formally marketing Avenue House for sale. Greenbushes is presently on the market for sale.

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 10 April 2014 to 30 May 2014.

This is a simple summary of cash receipts and expenditure from the Administrators' bank accounts, and does not constitute a trading account for the business operations.

7. ESTIMATED OUTCOME FOR CREDITORS

The estimated sums owed to creditors at the date of appointment are as follows:

Secured creditor

The LLP granted a debenture dated 21 May 2005 to the Bank, a Legal Mortgage dated 24 May 2005 over the property known as Greenbushes Nursing Home, 10-12 Weymouth Avenue, Dorchester, DT1 2EN and a Legal Mortgage dated 10 May 2007 over the property known as Avenue House, 8 Weymouth Avenue, Dorchester, DT1 2EN. The LLP also granted a second Legal Mortgage over Avenue House and Greenbushes Nursing Home dated 19 April 2012 in favour of West Register Number 2 Limited. This charge relates to a Property Participation Fee Agreement which was assigned to the Bank on 19 March 2013. At the date of our appointment, the total indebtedness to the Bank was £5,903,246.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £3,000.

Unsecured creditors

Claims of unsecured creditors have been estimated at £4,372

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the LLP's creditor as follows

Secured creditors

The Joint Administrators can confirm that realisations from the sale of the Properties will be insufficient to satisfy the Banks indebtedness in full

Preferential creditors

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

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

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

The *prescribed part of the LLP's net property* is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

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

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

We have estimated, to the best of our knowledge and belief, the LLP's net property, as defined in section 176A(6) of the Act, to be £Nil and the prescribed part of the LLP's net property to be £Nil

On present information we do not intend to make an application to court under Section 176A(5) of the Act for an order not to distribute the prescribed part of net property to the unsecured creditors. However, we reserve our position generally in this regard should circumstances materially change

Unsecured creditors

We have compiled a list of creditors which is attached at Appendix 2. The Joint Administrators can confirm that they do not anticipate that it is likely that sufficient funds will be available to enable a distribution to unsecured creditors

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the LLP as a whole

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the LLP's property and continued trading and management of Avenue House. The principal matters to deal with in this respect are

- Continued management of the residential care home with cooperation and support of the CQC and Local Authority to enable the block on new resident referrals to be lifted,
- Subsequent sale of Avenue House as a going concern, and
- Sale of Greenbushes

Following these events we propose to finalise distributions to the secured creditor

Joint Administrators' Proposals

- 1) That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to The Insolvency Act 1986, be and hereby are approved
- 2) The joint administrators will seek to agree creditors' claims generally
- 3) The joint administrators will, if they see fit, make an application pursuant to paragraph 65(3) of Schedule B1 of the Insolvency Act 1986, for the permission of the Court to make a payment by way of a distribution to all or any creditors where such distribution is considered to be in the best interests of creditors as a whole
- 4) The LLP shall remain in administration for such period as the joint administrators deem necessary and appropriate
- 5) If necessary, the joint administrators shall have the authority to request the creditors consent for an extension of the duration of the administration for a period of up to six months (in accordance with the provisions of Schedule B1 paragraph 76(2)(b) of the Insolvency Act 1986), or apply to Court for an extension of the duration of the administration (in accordance with the provisions of Schedule B1 paragraph 76(2)(a) of the Insolvency Act 1986)
- 6) In the event that the joint administrators are of the view that it is appropriate for the LLP to move from administration to liquidation, the joint administrators be authorised to take steps to place the LLP into creditors' voluntary liquidation as detailed in the 'Exit from Administration' section in the main body of the report

- 7) In the event that the LLP moves to liquidation the joint administrators be appointed as joint liquidators
- 8) If the joint administrators consider that there will be no distribution to unsecured creditors, and if they also consider that an exit from administration into liquidation is not appropriate, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the LLP into dissolution pursuant to paragraph 84 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report
- 9) Upon the joint administrators ceasing to act, discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect. Ceasing to act will be signified by the LLP entering into liquidation or dissolution
- 10) For the purposes of Rule 2.106(2)(b) of the Insolvency Rules 1986, the joint administrators' remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that, subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit
- 11) The joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in *Statement of Insolvency Practice 9*), in accordance with their firm's policy, details of which are attached
- 12) The joint administrators shall have authority to sanction and agree the fees of any solicitors, quantity surveyors or similar agents by reference to the time given by such agents and their staff, in attending to matters arising in the administration
- 13) The joint administrators be at liberty to recharge disbursements as detailed in the Guide to Administrators' Fees
- 14) Without prejudice to the provisions of Section 14 of the Insolvency Act 1986, the joint administrators may carry out all other acts that they may consider to be incidental to the proposals above in order to assist in their achievement of the stated purposes of the administration order or any variation thereto
- 15) Any act required or authorised under any enactment to be done by the joint administrators, or subsequent joint liquidators may be done by them jointly or by each alone
- 16) That the joint administrators' unpaid pre administration costs in the total sum of £4,980.50 plus VAT plus disbursements detailed in the statement of pre administration costs contained in the joint administrators' statement of proposals, be approved for payment

Exit from Administration

Dissolution

On present information we consider that the LLP will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the LLP will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the LLP, and on application by any interested party the court may suspend or disapply the automatic dissolution of the LLP

Creditors' Voluntary Liquidation

We confirm that if it transpires that the secured creditor of the Company is to be repaid in full that a distribution will be made to the unsecured creditors of the Company if at all possible

We do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator

We confirm that as part of our proposals we propose that we act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act 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 the persons for the time being holding office.

Compulsory Liquidation

If it becomes necessary, an application may need to be made to the Court pursuant paragraph 79 and specifically 79(3)(b) which states that the administrator should make an application under that paragraph if he or she thinks that the purpose of the administration has been sufficiently achieved in relation to the company.

Extending the Administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude a sale of the business and assets. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

Pre-administration costs

In the period before the LLP entered administration, we carried out work consisting of assessing the best insolvency procedure for the benefit of LLP and the continued operations of the care home, advising the designated member on the options available to them, liaising with the secured creditor and reporting to them and providing general advice on the administration process and procedures ("the work")

The work was carried out before the LLP entered administration because the designated members requested formal insolvency advice prior to making any decision about the future of the LLP. For these reasons we consider that the work has furthered the achievement of the objective of administration being pursued, namely realising the properties, business and/or assets in order to make a distribution to the secured creditor.

The pre-administration costs are broken down as follows

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	4,980 50	996 10	5,976 60
TOTAL PRE-ADMINISTRATION COSTS		4,980 50	996 10	5,976 60

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the LLP. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, an analysis of the pre-administration costs and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the LLP. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, an analysis of the pre-administration costs and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 2 106 of the Rules by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

These proposals contain a statement by us, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that we consider that the LLP has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7) In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for the secured creditor and the preferential creditors of the LLP to determine the basis of our remuneration under Rule 2 106 of the Rules In the absence of an initial meeting of creditors (see section 11 Conclusion, below) and the establishment of a creditors' committee, our remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2 106(5A)

Appendix 3 sets out our firm's hourly charge out rates and the time that we and our staff have spent in attending to matters arising in the administration since 10 April 2014

Disbursements

We propose that disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with our firms policy, details of which are set out at Appendix 3 These disbursements will be identified by us and subject to the approval of those responsible for determining the basis of our remuneration

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of designated members/directors

We have a statutory duty to investigate the conduct of the designated members/directors and any person we consider to be or have been a shadow or de facto designated member/director during the period of three years before the date of our appointment, in relation to their management of the affairs of the LLP and the causes of its failure We are obliged to submit confidential reports to the Department for Business, Innovation and Skills

As administrators of the LLP we are required by best practice guidance to make enquires of creditors as to whether they wish to raise any concerns regarding the way in which the LLP's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the LLP's affairs

Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the LLP and potential recoveries for the estate in this respect

Connected party transactions

We have not been made aware of any sales of the LLP's assets to connected parties

12. CONCLUSION

We presently consider that neither of the objectives specified in paragraph 3(1)(a) and (b) of Schedule B1 to the Act can be achieved

In the circumstances, we do not intend to summon an initial meeting of the LLP's creditors. However, creditors, whose debts amount to at least 10% of the total debts of the LLP, may requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which our statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with us security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



R A H Maxwell
Joint Administrator

Date 30 May 2014

ACCOUNT OF RECEIPTS AND PAYMENTS

10 April 2014 to 30 May 2014

Dorchester Care LLP
(In Administration)
Joint Administrators' Trading Account
To 30/05/2014

S of A £	£	£
POST APPOINTMENT SALES		
Sales	27,593 67	
Receipts Awaiting Reconciliation	15,521 03	
		43,114 70
PURCHASES		
Purchases - Food	1,304 47	
		(1,304 47)
OTHER DIRECT COSTS		
Direct Labour	32,314 34	
		(32,314 34)
TRADING EXPENDITURE		
Telephone	119 90	
Bank Charges	20 00	
Hire of Equipment	56 00	
Repairs & Maintenance	1,256 54	
Stationery	45 42	
Petty Cash	800 00	
Medical Supplies/Equipment	89 00	
Waste Collection	178 58	
Payroll Fees	292 50	
		(2,857 94)
TRADING SURPLUS/(DEFICIT)		6,637.95

Dorchester Care LLP
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 30/05/2014

S of A £	£	£
ASSET REALISATIONS		
Book Debts	19,626 43	
Trading Surplus/(Deficit)	6,637 95	
		26,264 38
COST OF REALISATIONS		
Irrecoverable VAT	308 84	
		(308 84)
		25,955.54
REPRESENTED BY		
Floating Bank account		29,786 89
Trade Creditors		(3,831 35)
		25,955.54

Note

Bob Maxwell
Joint Administrator

Begbies Traynor (Central) LLP
Dorchester Care LLP
B - Company Creditors

Key	Name	Address	£
C100	1st Waste Management	City House, 2nd Floor Suite, 268-272 Holdenhurst Road, Bournemouth, BH8 8AY	0 00
CA00	M W Adams	Maud Road, Dorchester, Dorset, DT1 2LN	0 00
CA01	Aquacert Ltd	Sentinel House, 11 High Street, Long Buckby, Northants, NN6 7RE	0 00
CA02	Axis Elevators Ltd	Unit G1, Blackfriars Foundry Annexe, 65 Glasshill Street, London, SE1 0QR	0 00
CB00	Blackglan Lifts Ltd	Unit 6 Somerford Business Park, Wilverley Road, Christchurch, Dorset, BH23 3RU	0 00
CB01	Britannic Lift Company	Riverview Buildings, Bradford Road, Keighley, BD20 5JH	0 00
CC00	Chess PLC	Bridgford House, Heyes Lane, Alderley Edge, Cheshire, SK9 7JP	0 00
CC01	Coastline	Units 4-10 Airfield Way, Christchurch, Dorset, BH23 3PE	0 00
CC02	Colin Clark & Sons Ltd	Manor Farm, Grimstone, Dorchester, DT2 9NA	0 00
CC03	Comax (UK) Ltd	Unit 5 Endeavour Park, 11 Witney Road, Nuffield Industrial Estate, Poole, BH17 0GJ	0 00
CC04	CoolBlue IT Solutions Ltd	Helios 47, Leeds, LS25 2DY	0 00
CC05	Country Fare	2 Sunburst House, Elliot Road, Bournemouth, Dorset, BH11 8LT	0 00
CC06	Care Quality Commission	CQC Finance, PO Box 1259, Newcastle Upon Tyne, NE99 5AW	0 00
CE00	E-ON	PO Box123, Nottingham, NG1 6HD	0 00
CE01	Express Refrigeration Services	Unit 1, Hybris Business Park, Crossways, Dorchester, DT2 8BF	0 00
CF00	Fire Defence UK	3 David Close, Woodhouse, Sheffield, S13 7SD	0 00
CH00	Haven Fire & Security Consultants	1 & 2 Epsom Centre, White Horse Business Park, Trowbridge, Wiltshire, BA14 0XG	0 00
CH01	Healey Human Resources	3 Lythe Place, 22 West Overcliff Drive, Bournemouth, Dorset, BH4 8AA	0 00
CH02	HMRC - PAYE & NIC	Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	0 00
CJ00	JHC Laundry Equipment Ltd	Girbau House, Trust Industrial Estate, Hitchin, Herts, SG4 0UZ	0 00
CK00	Kathleen Riglar	63 Mellstock Avenue, Dorchester, Dorset, DT1 2BG	0 00
CL00	Lawes Marsh Ltd	6 The High Street, Fareham, Hampshire, PO16 7AN	0 00
CL01	Lester Aldridge LLP	Accounts Department, Russell House, Oxford Road, Bournemouth, BH8 8EX	0 00
CL02	Liftserv Ltd	Peartree Business Centre, Cobham Road, Wimborne, Dorset, BH21 7PT	0 00
CM00	More Able Services	24 Lytchett Drive, Broadstone, Dorset, BH18 9LB	0 00
CN00	Npower	Payment Processing Centre, PO Box 263, Leeds, LS14 9AN	0 00
CP00	P & C Insurance Brokers Limited	1st Floor Wilson House, 2 Lorne Park Road, Bournemouth, Dorset, BH1 1JN	0 00
CP01	Pace Telecom	Unit 2, Zenith House, Gresford Industrial Park, Wrexham, LL12 8LX	0 00
CS00	Seafresh Seafoods Ltd	Unit 14 Allens Lane, Hamworthy, Poole, Dorset, BH16 5DA	0 00

Signature

Begbies Traynor (Central) LLP
Dorchester Care LLP
B - Company Creditors

Key	Name	Address	£
CS01	Solitude Training Ltd	29 Fox's Furlong, Chineham, Basingstoke, Hampshire, RG24 8WN	0 00
CT02	The Uniform & Leisurewear Company	Borrowdale Business Park, Whitegate, White Lund, Morecambe, LA3 3BS	0 00
CW00	Webley Heating	9 Ripon Road, Bournemouth, BH9 1QU	0 00
CW01	Wessex Water	Claverton Down, Bath, BA2 7WW	0 00
CW02	West Dorset Council	West Dorset Services, Poundbury Depot, Poundbury West Industrial Estate, Dorchester, DT1 2PG	0 00
CW03	Wimborne Cooking Oils	15a Hannams Close, Lythett Matravers, Poole, Dorset, BH16 6DN	0 00
CW04	Wright Dairies Ltd	8 Concept Park, Innovation Close, Poole, Dorset, BH12 4QT	0 00
36 Entries Totalling			0.00

Signature _____

TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice* 9 issued by the Joint Insolvency Committee on behalf of our licensing bodies.

Total time spent to 30 May 2014 on this assignment amounts to 127.4 hours at an average composite rate of £255.53 per hour resulting in total time costs to 30 May 2014 of £32,554.50.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Pre-administration Time Costs Summary with Analysis of Pre-administration Costs attached
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

BEGBIES TRAYNOR CHARGING POLICY

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 draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Dorchester Care LLP

CASE TYPE Administration

OFFICE HOLDERS Bob Maxwell and Julie Anne Palmer

DATE OF APPOINTMENT 10 April 2014

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The main complexities of the case have been to conduct a review of operations and financial forecasts for Avenue House, to establish whether there is a viable business, that could be restored to profitability and sold as a going concern

The ultimate strategy is to secure sales of the freehold properties, Greenbushes and Avenue House, together with its business and assets when the block on new resident referrals has been lifted

1.3 Exceptional responsibilities

The exceptional responsibilities have been working with the managing agent's, Goldcare Future Management ("GFM"), the Local Authorities and Care Quality Commission ("CQC") to ensure the standards of quality and safety are maintained, with a view to the block on new resident referrals being removed prior to securing any sale of Avenue House, its business and assets

1.4 The office holders' effectiveness

The Administrators have continued to trade Avenue House under the control of GFM this process has been effectively carried out with the cooperation of CQC and the Local Authorities to ensure compliance with their enforcement notice and avoid immediate closure of the home

1.5 Nature and value of property dealt with by the office holders'

The main assets owned by the LLP are

Avenue House (freehold property) a trading/operational residential care home
Greenbushes (freehold property) a former nursing home which closed prior to our appointment
Pre-appointment debtors

1.6 Anticipated return to creditors

The secured creditor will not be repaid in full We do not anticipate that there will be any funds available for a distribution to any other class of creditor

1.7 Time costs analysis

An analysis of time costs incurred between 10 April 2014 and 30 May 2014 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1 8 The views of the creditors

The LLP's creditors were notified of the Administration of the LLP immediately following appointment and were invited to bring to the administrators' attention any matters they felt required further investigation. Creditors are again invited to provide their comments and views and bring any matters to the administrators that they feel are necessary.

1 9 Approval of fees

The Administrators will be seeking the consent of the secured creditors for approval of their fees.

1 10 Approval of Expenses and Disbursements

The Administrators will be seeking the consent of the secured creditors for approval of their expenses and disbursements.

1 11 Other professionals employed & their costs

The joint administrators have engaged the services of Addleshaw Goddard LLP, solicitors, to provide their professional advice in respect of the Administrators' appointment, matters arising in the administration and the sale of Avenue House and Greenbushes.

GFM, care home management specialists, have been instructed to undertake the day to day management and trading operations of Avenue House.

Christie & Co have been instructed to deal with marketing and disposal of Avenue House and Greenbushes.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME	Dorchester Care LLP
CASE TYPE	Administration
OFFICE HOLDERS	Bob Maxwell and Julie Anne Palmer
DATE OF APPOINTMENT	10 April 2014

1 CASE OVERVIEW

- 1 1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case

1 2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the proposed administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table

Full details of the work undertaken by the proposed administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals

1 3 Overview of work undertaken prior to appointment

The main work undertaken by the proposed administrators prior to their appointment has been providing advice to the LLP on its financial position and the insolvency options available, liaising with the LLP, secured creditor and property agents. The proposed administrator inspected both properties and conducted a review of financial and management accounts information.

1 4 Complexity of work undertaken prior to appointment

There have been no complexities to the work undertaken prior to appointment.

1 5 Exceptional responsibilities

There have been no exceptional responsibilities in respect of the work undertaken prior to the administrators' appointment.

1 6 The proposed Administrators' effectiveness

The proposed administrators ensured Avenue House continued to trade under the control of managing agents for continuity of operations on the lead up to their appointment. They have liaised with the property agents to ensure the properties are continued to be marketed for sale in the interim whilst a disposal strategy is undertaken following a financial review. They have liaised with the residents' families, CQC and the Local Authority to ensure they have been kept fully up to date regarding future intentions for Avenue House and the avoidance of any immediate closure for non-compliance of the CQC regulations.

1 7 The views of the creditors

The secured creditor was kept fully up to date during the period leading up to the appointment of administrators.

1 8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The administrators are seeking a resolution in relation to their pre-administration costs as follows: that the joint administrators' unpaid pre-administration costs in the total sum of £5,976.60

detailed in the statement of pre-administration costs contained in the joint administrators' Statement of Proposals, be approved for payment

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3

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