

The Insolvency Act 1986

Administrator's progress report

Name of Company
Tangram Leisure Limited

Company number
03966166

In the High Court of Justice, Chancery Division (full name of court)
--

Court case number
9570 of 2011

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

I/We (a)
David R Thurgood
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

David J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 7 May 2012

To
(b) 4 September 2012

Signed

Joint / Administrator(s)

Dated

7/11/12

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

David R Thurgood
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

DX Number

Tel/Fax
DX Exchange

SATURDAY



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COMPANIES HOUSE

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

Our Ref DRT/EEM/MBB/JET/T00502/PF7

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10/11/2012

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COMPANIES HOUSE

To the Creditors

Recovery and Reorganisation

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4 September 2012

Dear Sirs

Tangram Leisure Limited - In Administration (the Company)
T/A Lifehouse Country Spa Resort, Frinton Road, Thorpe-le-Soken,
Essex
No 9570 of 2011

1 Introduction

1.1 Following my appointment together with David Dunckley and James Stewart-Koster as administrators of the above Company on 7 November 2011, I now report on the progress of the administration to date and attach

- Appendix A, an account of our receipts and payments for the period from 7 November 2011 to 4 September 2012
- Appendix B, a statement of the time costs and professional fees incurred by the joint administrators in the period 7 November 2011 to 4 September 2012 and a statement of expenses incurred in the period
- Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (Rule 2.109)

1.2 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them

2 Statutory information

2.1 The company's statutory details are as follows

Registered number
Date of incorporation
Registered office

3966166
6 April 2000
30 Finsbury Square
London

Chartered Accountants
Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

		EC2P 2YU
Authorised share capital	£	861,569 50
Issued share capital	£	861,569 50
Directors:		Shareholding
Paul Richard Cronk	£	71,470.20
Peter Martin Tory	£	40,000.00
Stephen John Thursfield Brown	£	-
Angela Horsman	£	-
Secretary		Shareholding
Peter Martin Tory	£	40,000 00

3 Progress report

- 3 1 Background to the administrators' appointment, together with details of the administration trading period, are detailed within my previous reports.
- 3 2 Following our appointment on 7 November 2011 we continued to trade the Lifehouse Country Spa Resort whilst a purchaser of the business and assets was sought
- 3 3 As previously reported, a sale of the Company's business and assets to Thorpe Hall Leisure Limited (THLL) was completed on 8 March 2012
- 3 4 Due to the structure of the sale, the entire sale proceeds were remitted to the secured creditor on completion. Of the £12m, £11.8m was apportioned to the freehold property which was due to the secured creditor, Clydesdale Bank plc, pursuant to its fixed charge
- 3 5 The remaining £200,000 has been apportioned between chattel assets and stock and as these are floating charge assets, the secured creditor had to account to the administration estate for these monies. In addition, the secured creditor has also had to remit sufficient monies to the administration to cover trading losses and professional fees incurred during the course of the administration
- 3 6 Whilst the £12m paid by THLL was not received into the administration estate, the overall impact of the sale is shown in the receipts and payments account at Appendix A
- 3 7 During the administration trading period, the business incurred a trading loss of £941,645, prior to taking into account any pre-appointment liabilities paid as an administration expense
- 3 8 As detailed in section 3.5 above, these losses have been covered by the secured creditor

Assets

- 3 9 As detailed in the Statement of Proposals, the principal asset of the Company was the freehold property in Thorpe-le-Soken. The directors have submitted a Statement of Affairs, a copy of which has been filed at Companies House

s176A Insolvency Act 1986 – Prescribed Part

- 3 10 In accordance with Section 176A of the Insolvency Act 1986, as the floating charge which is held over the assets of the Company post-dates 15 September 2003, a prescribed part is to be carved out of the floating charge assets and made available to the unsecured creditors of the Company. The calculation is applied to the net property, this being the floating charge assets less preferential creditors and administration expenses. The prescribed part is 50% of the first £10,000 of realisations and 20% of all net realisations up to a maximum prescribed part of £600,000.
- 3 11 The prescribed part carve out will only become payable if there is sufficient realisations to facilitate a distribution to the floating charge holder.

Liabilities

Secured Creditor

- 3 12 Clydesdale Bank plc provided the Company with funding prior to our appointment and held a first ranking fixed and floating charge. Their total outstanding debt at the date of appointment was c £29m.

Preferential Creditors

- 3 13 Total preferential claims received amounted to £9,756, which have been paid in full.

Unsecured Creditors

- 3 14 According to the Statement of Affairs submitted by the directors, total unsecured creditor claims for the Company are £1,640,762.
- 3 15 As detailed in my previous reports, due to the losses incurred during the administration trading period and minimal floating charge assets realised, there will not be any monies available for the unsecured creditors.

4 Extension

- 4 1 In accordance with paragraph 76(2)(b) of Schedule B1 to the Insolvency Act 1986 I am in the process of seeking the consent of the secured creditors for an extension of my term of office as Administrator for a maximum of six months to conclude various outstanding issues, including
- finalise the Company's tax position and submit the appropriate corporation tax returns
 - submit final VAT return
 - obtain clearance from HMRC
 - monitor receipt of outstanding insurance refund in the sum of £9,500
 - settle outstanding professional fees
 - ensure pre-administration trust account has been closed

5 Joint administrators' remuneration and expenses

5.1 As a meeting of creditors was not convened, there is no creditors committee to determine the basis of the administrators' remuneration

5.2 Pursuant to Rule 2.106(5A), in a case where an administrator has made a statement under paragraph 51(1)(b), if there is no creditors' committee, or the committee does not make the requisite determination, the administrators remuneration may be fixed by the approval of

- i each secured creditor of the company, or
- ii if the administrator has made or intends to make a distribution to preferential creditors –
 - a each secured creditor of the Company, and
 - b preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts to any creditor who does not respond to an invitation to give or withhold approval

5.3 I have sought approval to draw my fees from the secured creditors, although I have not drawn any fees to date.

5.4 As all preferential claims have been settled in full, we will not require the permission of the preferential creditors

5.5 Our fees for acting as joint administrators have been calculated by reference to our time costs. You will note from the SIP 9 table attached at Appendix C that the time costs for this administration for the period from 7 November 2011 to 4 September 2012 are £456,498.75 and the expenses, further detailed at Appendix C, are £5,717.56

5.6 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.

6 Other expenses incurred by the joint administrators

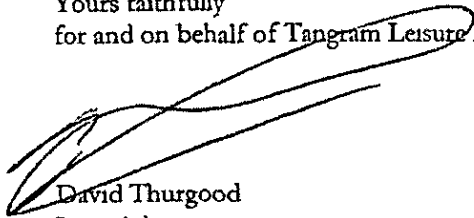
6.1 Since appointment my legal advisers, DLA Piper, have incurred costs of £79,413 which relate to general insolvency advice, specific advice relating to retention of title claims, employment contracts and, predominantly, the sale of business. These costs have been paid as an expense of the administration

6.2 Other professional fees include

- £2,789 to Charles Russell who provided advice to the directors in the lead-up to administration and for the actual appointment process,
- £6,450 to Rapleys who prepared a report on the various snagging and defects issues identified by the Contract Administrator, and
- £7,451 to Edward Symmons who prepared an inventory and valuation of the various chattel assets that was required as part of the sale process

Should you have any queries regarding this report, please contact Ellen McRoberts of this office on 020 7865 2277

Yours faithfully
for and on behalf of Tangram Leisure Limited



David Thurgood
Joint Administrator

The affairs, business and property of Tangram Leisure Limited are being managed by David Thurgood, David Dunckley and James Stewart-Koster, appointed as Joint Administrators on 7 November 2011

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APPENDIX A

TANGRAM LEISURE LIMITED - IN ADMINISTRATION
RECEIPTS AND PAYMENTS ACCOUNT
7 NOVEMBER 2011 TO 4 SEPTEMBER 2012

Notes	Statement of Affairs	
	7/11/11	4/9/12
	£	£
RECEIPTS		
Freehold and Property	7,189,000 00	11,800,000 00
Fixtures and Fittings	1,269,000 00	140,000 00
Book Debts	166,552.00	61,985 00
Cash at Bank	1,124 00	-
Distribution from Secured Creditor	-	1,394,415 00
Sales	-	1,015,260 31
Trade Creditors	-	5,363 08
Total	8,625,676 00	14,417,023 39
PAYMENTS		
Purchases		209,717 68
Purchases - Pre Appointment		183,204 85
Room & Guest area Costs Costs		80,557 48
Self-Employed Costs		39,685 90
Staff Related Costs		11,797 11
Sales & Marketing		33,823 39
Rates		87,132 38
Heat & Light		113,834.94
Telephone		4,039 71
Insurance		30,503 01
Bank Charges		11,480 53
Travel Agents Commission		64,857 44
Lease/HP Payments		64,165 79
Repairs & Maintenance		51,411 60
Postages		8,240 96
PAYE/NI		201,335 60
Net Wages		727,041 79
Other Trading Expenses		340 07
Legal Fees		66,150 00
Distribution to Clydesdale		11,800,000 00
Legal Fees (1)		17,102 40
Professional Fees		91,963 84
Preferential Creditors		9,755 66
Trade Debtors		9,500 00
Vat Control Account		15,947 35
Total		13,933,589 48
Receipts and payments as at 4 September 2012		483,433 91

Tangram Leisure Limited – in Administration

	Paid in period of report (£)	Charged/accrued in period but not yet paid (£)	Total (£)
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Joint Administrators fees:			
Time costs	-	456,498 75	456,498 75
Expenses	-	5,717 56	5,717 56
Professional fees			
Charles Russell	2,789 40	-	2,789 40
Edward Symmons	7,451 07	-	7,451 07
Rapleys	6,450 00	-	6,450 00
Legal fees			
DLA Piper	79,413 00	-	79,413 00
Insurance			
JLT	26,753 01	-	26,753 01
Total	122,856.48	462,216.31	585,072 79

**Joint Administrators' disbursements incurred in the period &
Grant Thornton UK LLP charge out rates in respect of
Tangram Leisure Limited**

Introduction

The following information is provided in connection with the Administrators remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton LLP Charging Policies

All partners and staff are charged out at hourly rates applied appropriately to their grade, as shown below. Support staff (secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Grade	Period 01/07/11 – 30/06/12	Period 01/07/12 – 30/06/13
	£	£
Partner	560	580
Partner – Tax	650	680
Director	460	480
Associate director – Tax	510	525
Associate director	425	440
Manager	360	375
Assistant Manager	300	310
Senior	275	285
Administrator	205	210
Support	140	145

Breakdown of disbursements

Category 2 Disbursements for the period from 7 November 2011 to 4 September 2012	£
Bordereau	320 01
Courier	18 80
Subsistence	762 60
Travel	3,511 92
Land Registry	20 00
Accommodation	1,084 23
Total	5,717 56

Less Joint Administrators' fee drawn to date -

Joint Administrators' net outstanding fee to date

456,498 75

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2.48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2.47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b)

or (c) may be made only in respect of periods after the period covered by the relevant report.

- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.