

The Insolvency Act 1986

Administrators' 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)We (a)
David R Thurgood
c/o Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YUDavid J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 5 September 2012

(b) 4 March 2013

Signed

Joint Administrators

Dated

15/3/13

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
formThe contact information that you give
will be visible to searchers of the
public recordDavid R Thurgood
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

DX Number

Tel/Fax
DX Exchange

Companies House receipt date barcode

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

SATURDAY



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23/03/2013

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COMPANIES HOUSE



Grant Thornton

Our Ref JSK/EEM/CPK/JET/T00502/

To the Creditors

Recovery and Reorganisation

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Manchester M3 3EB

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15 March 2013

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 as administrator of the above Company on 7 November 2011, I am pleased to submit a further progress report in respect of this matter. I should shortly be in a position to submit my final progress report in the near future. In the meantime, please find attached the following:
- Appendix A, an account of our receipts and payments for the period from 7 November 2011 to 4 March 2013
 - Appendix B, a statement of the remuneration incurred by the joint administrators in the period 7 November 2011 to 4 March 2013 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)
 - Appendix F, Form 2.24B notice of administrator's progress report
- 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.
- 1.3 This report should be read in conjunction with the Statement of Proposals dated 28 December 2011 and my previous progress reports dated 30 May 2012 and 4 September 2012.

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.

2 Statutory information

2.1 The company's statutory details are as follows

| | |
|-------------------------------|--|
| Registered number | 3966166 |
| Date of incorporation | 6 April 2000 |
| Registered office | 30 Finsbury Square London 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 Full background to the administrators' appointment, together with details of the administration trading period, are detailed within my previous reports
- 3.2 Following my appointment on 7 November 2011 I continued to trade the Lifehouse Country Spa Resort whilst a purchaser of the business and assets was sought after
- 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. Please note there will not be any monies available for distribution to the unsecured creditors.

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 and 3 11 above, 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 sought and received consent of the secured creditors for an extension of my term in office as Administrator for a maximum of six months to conclude various outstanding issues, including submission of tax returns and final VAT return.
- 4 2 In addition, I have had to liaise with Hutton Construction Limited regarding a remaining credit balance in the retention account. These negotiations are currently on-going.

- 4 3 The administration is now due to expire on 6 May 2013 and I should hopefully be in a position to conclude the administration by this date

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 As all preferential claims were settled in full, we did not require the permission of the preferential creditors

- 5 4 I received approval from the secured creditors to draw fees £320,000 plus disbursements of £5,717 56

- 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 March 2013 are £488,702 25

- 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

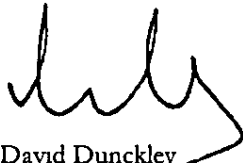
- 6 1 Since appointment my legal advisers, DLA Piper, incurred costs of £82,000 which relate to general insolvency advice, specific advice relating to retention of title claims, employment contracts and, predominantly, the sale of business These costs have been paid as an expense of the administration Further, legal fees of £4,575 have been incurred in dealing with some final issues, prior to concluding the administration

- 6 2 Other professional fees include

- £7,937 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

A handwritten signature in black ink, appearing to read 'dunckley', with a long horizontal stroke extending to the right.

David Dunckley
Joint Administrator

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

Enc

Tangram Leisure Limited - in administration
Summary of receipts and payments
from 7 November 2011 to 4 March 2013

| | | From 07/11/2011 to 04/09/2012 | From 05/09/2012 to 04/03/2013 | Total |
|------------------------------------|-----------------|--|--|----------------------|
| Statement of Affairs | £ | £ | £ | £ |
| Receipts | | | | |
| Sales | | 1,015,260 31 | 2,306 85 | 1,017,567 16 |
| Pre-Appointment Sales | | 61,985 00 | 0 00 | 61,985 00 |
| Trade Payments | | 0 00 | 52 00 | 52 00 |
| Freehold Land & Property | 7,189,000 00 | 11,800,000 00 | 0 00 | 11,800,000 00 |
| Furniture & Equipment | 938,000 00 | 140,000 00 | 0 00 | 140,000 00 |
| Stock | 53,660 00 | 0 00 | 0 00 | 0 00 |
| Cash at Bank | 2,560 00 | 0 00 | 0 00 | 0 00 |
| Misc Float Receipts | | 0 00 | 75 78 | 75 78 |
| Stationery & Postage | | 0 00 | 71 92 | 71 92 |
| Distribution from Secured Creditor | | 1,394,415 00 | 0 00 | 1,394,415 00 |
| Trade Creditors | | 5,363 08 | 0 00 | 5,363 08 |
| Vat Payable | | 209,063 44 | 0 00 | 209,063 44 |
| | | 14,626,086.83 | 2,506.55 | 14,628,593.38 |
| Payments | | | | |
| Purchases | | 209,717 68 | 0 00 | 209,717 68 |
| Purchases - Pre Appointment | | 183,204 85 | 0 00 | 183,204 85 |
| Room & Guest area Costs | | 80,557 48 | 0 00 | 80,557 48 |
| Self-Employed Costs | | 39,685 90 | 0 00 | 39,685 90 |
| Staff Related Costs | | 11,797 11 | 0 00 | 11,797 11 |
| Sales & Marketing | | 33,823 39 | 0 00 | 33,823 39 |
| Rates | | 87,132 38 | 0 00 | 87,132 38 |
| Heat & Light | | 113,834 94 | (4 10) | 113,830 84 |
| Telephone | | 4,039 71 | 718 45 | 4,758 16 |
| Insurance | | 30,503 01 | (9,883 20) | 20,619 81 |
| Professional Fees | | 0 00 | 2,500 00 | 2,500 00 |
| Bank Charges | | 11,483 16 | 0 00 | 11,483 16 |
| Travel Agents Commission | | 64,857 44 | 0 00 | 64,857 44 |
| Lease/HP Payments | | 64,165 79 | 0 00 | 64,165 79 |
| Repairs & Maintenance | | 51,411 60 | 0 00 | 51,411 60 |
| Postages | | 8,240 96 | 0 00 | 8,240 96 |
| PAYE/NI | | 201,335 60 | 0 00 | 201,335 60 |
| Net Wages | | 727,041 79 | 91 00 | 727,132 79 |
| Other Trading Expenses | | 340 07 | 0 00 | 340 07 |
| Legal Fees | | 66,150 00 | 0 00 | 66,150 00 |
| Distribution to Clydesdale | (29,066,642 00) | 11,800,000 00 | 0 00 | 11,800,000 00 |
| Administrators Fees | | 0 00 | 320,000 00 | 320,000 00 |

Tangram Leisure Limited - in administration
 Summary of receipts and payments
 from 7 November 2011 to 4 March 2013

| Statement of Affairs | From 07/11/2011 to 04/09/2012 | From 05/09/2012 to 04/03/2013 | Total |
|--------------------------------|--|--|----------------------|
| £ | £ | £ | £ |
| Administrators Expenses | 0 00 | 5,717 56 | 5,717 56 |
| Legal Fees (1) | 17,102 40 | 0 00 | 17,102 40 |
| Professional Fees | 91,963 84 | 0 00 | 91,963 84 |
| Bank Charges | (2 63) | 13 15 | 10 52 |
| Preferential Creditors (All) | 9,755 66 | 0 00 | 9,755 66 |
| Trade Debtors | 9,500 00 | 0 00 | 9,500 00 |
| Vat Receivable | 124,219 21 | 65,783 20 | 190,002 41 |
| Vat Control Account | 100,791 58 | (81,246 32) | 19,545 26 |
| | 14,142,652.92 | 303,689.74 | 14,446,342.66 |
| Net Receipts/(Payments) | 483,433.91 | (301,183.19) | 182,250.72 |

Made up as follows

| | | | |
|--------------------------|-------------------|---------------------|-------------------|
| Floating Current Account | 483,431 29 | (301,180 57) | 182,250 72 |
| Barclays Account | 2 62 | (2 62) | 0 00 |
| | 483,433.91 | (301,183.19) | 182,250 72 |

B Remuneration charged and expenses incurred by the administrators in the period

| | Charged/incurred in period 07/11/2012 to 04/03/2013 | Cumulative charged/incurred to 04/03/2013 | Of which paid to 04/03/2013 |
|----------------------------|--|---|--------------------------------|
| | £ | £ | £ |
| Joint administrators' fees | 13,077 | 488,702 | 320,000 |
| Time costs | | | |
| Expenses | 241 | 5,717 | 5,958 |
| Legal fees | | | |
| DLA Piper LLP | 4,575 | 87,827 | 83,252 |
| Insurance | | | |
| JLT | 0 | 20,619 | 20,619 |

C SIP 9 Time analysis

Introduction

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

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (i.e. secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

| | From 01/07/09 | From 01/07/10 | From 01/07/11 | From 01/07/12 |
|------------------------------------|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Partners up to | 510 | 535 | 560 | 580 |
| Managers up to | 385 | 405 | 425 | 440 |
| Administrators up to | 275 | 285 | 300 | 310 |
| Assistants and support staff up to | 190 | 195 | 205 | 210 |

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

Tangram Leisure Limited - T30200502 - SIP 9 TIME COST ANALYSIS

Job(s) Administration

Transaction period All transactions

[Export version - standard](#) [Export version - detail](#) [Detailed Version](#)

| Standard | Partner | | Manager | | Executive | | Administrator | | Total | |
|-----------------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|------------------|-----------------|--------------------|
| | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ |
| Administration and Planning | 198 45 | 94,615 00 | 62 27 | 26,388 80 | 224 06 | 53,766 95 | 324 73 | 47,991 80 | 809 51 | 222,762 55 |
| Creditors | 1 00 | 460 00 | 39 27 | 16,820 90 | 36 90 | 10,330 00 | 55 40 | 8,419 50 | 132 57 | 36,030 40 |
| Hiatus period | | | | | | | | | | |
| Investigations | | | 50 | 220 00 | 50 | 137 50 | 3 70 | 558 50 | 4 70 | 916 00 |
| Realisation of Assets | 32 50 | 14,950 00 | 113 08 | 48,107 45 | 28 70 | 7,845 50 | 37 80 | 5,677 50 | 212 08 | 76,580 45 |
| Trading | | | 172 39 | 73,287 35 | 200 80 | 51,506 50 | 152 00 | 22,804 00 | 525 19 | 147,597 85 |
| Unclassified | | | | | 17 20 | 4,665 00 | 1 00 | 150 00 | 18 20 | 4,815 00 |
| Total | 231 95 | 110,025 0 0 | 387 51 | 164,824 5 0 | 508 16 | 128,251 4 5 | 574 63 | 85,601 30 | 1,702 25 | 488,702 2 5 |

Total fees billed to date (Time) · £ 320,000

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

The Insolvency Act 1986

Administrators' 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
c/o Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YUDavid J Dunckley
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administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 5 September 2012

(b) 4 March 2013

Signed

Joint Administrators

Dated

15/3/13