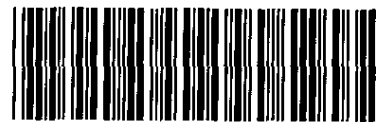




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22/09/2017

#469

COMPANIES HOUSE

### 1 Company details

Company number 0 4 5 5 7 4 8 0

Company name in full Avonwood Manor Limited

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Duncan

Surname Swift

### 3 Administrator's address

Building name/number The French Quarter

Street 114 High Street

Post town Southampton

County/Region

Postcode S O 1 4 2 A A

Country

### 4 Administrator's name ①

Full forename(s) Jeremy

Surname Willmont

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 150

Street Aldersgate Street

Post town London

County/Region

Postcode E C 1 A 4 A B

Country

② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

6

### Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7	
To date	<sup>d</sup> 2	<sup>d</sup> 7	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7	

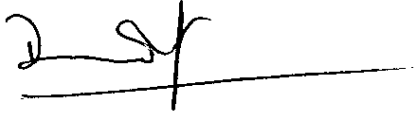
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### Progress report

☒ I attach a copy of the progress report

8

### Sign and date

Administrator's signature	<div>Signature</div> <div>X </div> <div>X</div>	
Signature date	<sup>d</sup> 2 <sup>d</sup> 1 <sup>m</sup> 0 <sup>m</sup> 9 <sup>y</sup> 2 <sup>y</sup> 0 <sup>y</sup> 1 <sup>y</sup> 7	

**Presenter information**

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

Contact name **Dawn Sherin**

Company name **Moore Stephens (South) R&I LLP**

Address **The French Quarter**

**114 High Street**

Post town **Southampton**

County/Region

Postcode 

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Country

DX

Telephone **023 8033 0116**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

**All information on this form will appear on the public record.**

**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Strictly Private & Confidential**

**AVONWOOD MANOR LIMITED ("THE COMPANY")**

**Progress report to the creditors in accordance with Rules 18.3 and 18.6 of the Insolvency (England and Wales) Rules 2016 for the period 28 February to 27 August 2017**

**21 September 2017**

This report contains 5 pages

Moore Stephens (South) R&I LLP  
The French Quarter  
114 High Street  
Southampton  
SO14 2AA

Tel: 023 8033 0116  
Fax: 023 8033 8674

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## **Contents**

1. Statutory information
2. Progress to date
3. Pre-administration costs
4. Joint administrators' remuneration
5. Joint administrators' expenses
6. Creditors' rights
7. Liabilities

## **Appendices**

- |              |                                             |
|--------------|---------------------------------------------|
| Appendix I   | Receipts and payments account               |
| Appendix II  | Breakdown of time costs and work undertaken |
| Appendix III | Breakdown of expenses                       |

This report is intended for use by those parties entitled to a copy thereof under the Insolvency (England and Wales) Rules 2016. It may contain information that is privileged, confidential or exempt from disclosure and any dissemination, distribution or copying of it and its attachments is strictly prohibited.

Any estimated outcomes for creditors are for illustration only and cannot be relied upon as guidance as to the actual outcome for creditors.

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

Duncan Swift and Jeremy Willmont are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. All of our work is conducted in accordance with the Insolvency Code of Ethics.

## 1. Statutory information

Company name: Avonwood Manor Limited

Company number: 04557480

Registered office: The French Quarter  
114 High Street  
Southampton  
SO14 2AA

Court reference: High Court of Justice No. 2782 of 2014

Date of appointment: 16 April 2014

**Joint administrators:** Duncan Swift                      Jeremy Willmont

Jeremy Willmont replaced Miles Needham as Joint Administrator on 26 February 2015

Joint administrators' address: The French Quarter 150 Aldersgate Street  
114 High Street London  
Southampton EC1A 4AB  
SO14 2AA

Paragraph 100(2) statement: The functions and powers of the joint administrators may be exercised by either both of the joint administrators jointly and severally.

## 2. Progress to date

2.1. A detailed explanation of the background leading to the appointment of the joint administrators and the steps taken post appointment was included in the joint administrators' proposals of 5 June 2014.

2.2. There have been no deviations or amendments to the original proposal, which was approved without modifications.

2.3. The administration was extended to 16 April 2018 by application to the court to allow for the monitoring and collection of instalments relating to the deferred settlement agreement reached with the directors/shareholders in respect of the unlawful dividends referred to in paragraph 2.12.

2.4. We have further reported to creditors on the progress of the administration in our reports of 14 November 2014, 10 March 2015, 25 September 2015, 15 March 2016, 11 October 2016 and 27 March 2017. For a complete overview of all our activities in the administration, this report should be read in conjunction with our earlier reports.

2.5. The receipts and payments account attached at Appendix I details the asset realisations during the period of this report.

### Trading

2.6. After our appointment we continued the Company's trading as a residential dementia care home at Avonwood Manor ("the Home") for nearly 21 months under the day to day management of our appointed agents, Healthcare Management Solutions Limited ("HCMS") until the sale of the Home as a going concern was completed on 5 February 2016.

2.7. The Home's trading was affected by a pre-appointment admissions embargo (lifted on 18 September 2014); higher than desirable agency staffing levels; and, difficulties in recruiting staff.

#### *Sale of business and freehold property*

- 2.8. The Home was marketed for sale as a going concern by Christie & Co. Some 20 interested parties viewed the Home, resulting in several offers being received.
- 2.9. Negotiations were conducted with a particular interested party and contracts were exchanged on 26 June 2015.
- 2.10. The sale was conditional on the successful application of the purchaser to the Care Quality Commission ("CQC"). The purchaser was notified that the application had been successful on 21 January 2016 and the sale of the Home as a going concern completed on 5 February 2016.

#### *Pre-administration trade debtors*

- 2.11. The book value of these trade debtors as at the date of the joint administrators' appointment was £245,172 of which £180,000 was initially estimated to be realisable. Collection of these debts has now been completed having realised £216,397.

#### *Unlawful dividend payments to Shareholders*

- 2.12. As detailed in my report of 15 March 2016, following our investigations and having sought legal advice, negotiations with the directors/shareholders resulted in a deferred settlement agreement, payable over two years, with a total value of £562.5k in respect of dividend paid without the Company having distributable reserves. To 27 August 2017 instalments totalling £541.7k have been received.

### **3. Pre-administration costs**

- 3.1. Moore Stephens incurred time costs of £29,497 prior to appointment. Authorisation was obtained prior to the administration from the Directors and the Bank as secured charge holder that fees with regard to the advisory work in the sum of £6,000 plus irrecoverable VAT of £1,200; and preparing the Company for administration in the sum of £3,000 plus disbursements of £95.04 and irrecoverable VAT of £619.01 be paid. The balance of pre-appointment time costs (£20,497) has been written off.

### **4. Joint administrators' remuneration**

- 4.1. The remuneration of the joint administrators has been fixed as follows:
- by reference to the time properly given by the joint administrators and their staff in attending to matters as set out in the fees estimate in accordance with Rule 2.106(2)(b) of The Insolvency Rules 1986, whereby all remuneration will be subject to the approval of the secured chargeholder.
- 4.2. Time costs have arisen primarily as a result of: dealing with the various issues arising from the on-going trading of the Home; the negotiations with various interested parties regarding the sale of the Home and its business; and investigations of the unlawful dividend payments to shareholders with settlement negotiation.
- 4.3. In addition, we have dealt with all statutory matters and administrative work in relation to the administration and either required by legislation or necessary to perform the basic duties of an administrator.
- 4.4. During the period of this report, time costs of £25,646 have been incurred over 147.95 hours at an average rate of £173 per hour. A detailed breakdown of the time costs of the joint administrators, together with current charge out rates and examples of work undertaken in an administration are attached at Appendix II.
- 4.5. £254,430 has been drawn in respect of the remuneration of the joint administrators.
- 4.6. Authorisation for the above remuneration was obtained from the secured charge holder.

- 4.7. Should you wish to receive a copy of "A Creditors' Guide to Administrators' Fees" this is available on the Moore Stephens website <http://www.moorestephens.co.uk/corporaterecovery.aspx> or by requesting a copy from this office in writing or by telephone.

**5. Joint administrators' expenses**

- 5.1. A schedule of all expenses incurred in the period are detailed at Appendix III.

**6. Creditors' rights**

- 6.1. Within 21 days of receipt of this report, a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) or any unsecured creditor with the permission of the court may request in writing that the joint administrators provide further information about their remuneration or expenses which have been itemised in the progress report.
- 6.2. Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that:
- the time or cost of preparation of the information would be excessive, or
  - disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
  - we are subject to an obligation of confidentiality in respect of the information.
- 6.3. We are also required to give reasons for not providing all of the requested information.
- 6.4. Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may, within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the joint administrators' remuneration, the remuneration charged, or the expenses incurred by the joint administrators as set out in the progress report are excessive.

**7. Liabilities**

*Secured creditors*

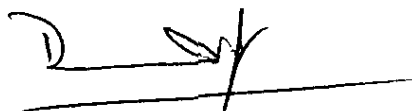
- 7.1. The Royal Bank of Scotland plc has a claim of £2.75m against the Company in respect of its pre-appointment lending secured by a debenture, granting a fixed and floating charge, dated 11 February 2003 and a legal charge dated 5 March 2003.
- 7.2. We have distributed £1,400,000 to the Bank in account of its security.

*Preferential creditors*

- 7.3. We are not aware of any preferential creditors other than the subrogated wages claim of the Bank in the sum of £29,364.

*Unsecured creditors*

- 7.4. There is no prospect of a dividend becoming available to the unsecured creditors.



Duncan Swift  
Joint Administrator



## AVONWOOD MANOR LIMITED (IN ADMINISTRATION)

## Receipts and payments account

	Statement of Affairs Estimated to realise £	From 28/02/2017 to 27/08/2017 £	From 16/04/2014 to 27/08/2017 £
<b>POST APPOINTMENT SALES</b>			
Sales receipts		Nil	2,003,530
Other miscellaneous income		Nil	109
		Nil	2,003,639
<b>COST OF SALES</b>			
Direct labour (incl. PAYE / NIC)		Nil	(1,423,655)
Subcontract labour		Nil	(389,104)
Consumables		Nil	(115,064)
		Nil	(1,927,823)
<b>TRADING EXPENSES</b>			
Indirect labour		Nil	(35,435)
Payroll costs		Nil	(2,132)
Waste disposal		Nil	(17,112)
Rates		Nil	(2,206)
Water rates		Nil	(16,319)
Insurance		Nil	(16,395)
Repairs & maintenance		Nil	(81,867)
Heat & light		Nil	(72,289)
Telephone		Nil	(6,048)
Postage		Nil	(246)
Hire of equipment		Nil	(12,038)
Motor & travel expenses		Nil	(7,343)
Other fees & expenses		Nil	(21,203)
HCMS Trading supervision fees		Nil	(121,750)
Sundry expenses		Nil	(46,308)
Bank charges		(2)	(800)
Non recoverable VAT		Nil	(95,240)
		(2)	(554,731)
<b>TRADING SURPLUS / (DEFICIT) C/FORWARD</b>		(2)	(478,915)

## AVONWOOD MANOR LIMITED (IN ADMINISTRATION)

## Receipts and payments account continued

	Statement of Affairs Estimated to realise £	From 28/02/2017 to 27/08/2017 £	From 16/04/2014 to 27/08/2017 £
<b>FIXED CHARGE ASSETS</b>			
Freehold land & property	1,911,000	Nil	1,250,000
Interest gross of tax		15	362
Goodwill		Nil	400,000
		15	1,650,362
<b>FIXED CHARGE COSTS</b>			
Agent's fees & expenses		Nil	(36,000)
Legal fees & expenses		Nil	(21,781)
Office holders' fees		Nil	(17,500)
Office holders' outlays		Nil	(646)
Fixed charge non recoverable VAT		Nil	(15,185)
		Nil	(91,112)
<b>FIXED CHARGE HOLDER</b>			
The Royal Bank of Scotland Plc	(2,750,000)	(75,000)	(1,400,000)
		(75,000)	(1,400,000)
<b>FLOATING CHARGE ASSETS</b>			
Furniture & equipment	189,000	Nil	150,000
Stock		Nil	2,437
Trade debtors	180,000	Nil	216,397
Sundry refunds		Nil	35
Interest gross of tax		18	221
Suspense account		Nil	3,475
Director/shareholder settlements		62,502	541,674
Trading surplus / (deficit) b/forward		Nil	(478,915)
		62,520	435,324
<b>FLOATING CHARGE COSTS</b>			
Agent's fees & expenses		Nil	(1,413)
Legal fees & expenses		(901)	(145,866)
Corporation tax		Nil	(200)
Other property expenses		Nil	(295)
Statutory advertising		Nil	(75)
Specific penalty bond		Nil	(200)
Administrators' fees		(15,000)	(236,930)
Administrators' outlays		Nil	(247)
Non recoverable VAT		(3,180)	(76,821)
		(19,081)	(462,047)
<b>NET RECEIPTS / (PAYMENTS)</b>		(31,546)	132,527
<b>MADE UP AS FOLLOWS</b>			
Bank – Fixed charge account			41,573
Bank – Floating charge account			90,954
			132,527

## AVONWOOD MANOR LIMITED - IN ADMINISTRATION

## Breakdown of time costs and work undertaken

## Summary of Moore Stephens time-costs from 28 February to 27 August 2017

	Partner / Associate	Director / Manager	Admin	Support Staff	Total Hours	Time Cost (£)	Av. Rate £ / hr
<b>Statutory Compliance, Administration &amp; Planning</b>							
General	0.20	4.40	31.30	0.40	36.30	6,313.50	173.93
Reporting to creditors	1.40	0.80	29.05	-	31.25	5,659.25	181.10
Cash book management	-	-	0.40	0.40	0.80	136.00	170.00
<b>Realisation Of Assets</b>							
Sale of Home	0.10	-	-	-	0.10	45.00	450.00
Trade debtors	0.20	-	-	-	0.20	90.00	450.00
Unlaw ful dividends	1.40	0.35	42.25	-	44.00	7,682.75	174.61
<b>Creditors</b>	0.40	-	-	-	0.40	180.00	450.00
<b>Tax</b>	1.30	19.40	14.20	-	34.90	5,539.50	158.72
Total hours	5.00	24.95	117.20	0.80	147.95		
Total time costs £	2,220.00	4,269.00	19,009.00	148.00		25,646.00	173.34

## Summary of Moore Stephens time-costs from 16 April 2014 to 27 August 2017

	Partner / Associate	Director / Manager	Admin	Support Staff	Total Hours	Time Cost (£)	Av. Rate £ / hr
<b>Statutory Compliance, Administration &amp; Planning</b>							
General	16.50	57.80	136.15	9.45	219.90	47,416.75	215.63
Reporting to creditors	17.40	82.75	106.15	1.20	207.50	46,708.25	225.10
Cash book management	5.55	4.40	82.30	343.05	435.30	53,408.50	122.69
<b>Investigations</b>	4.00	16.30	55.50	-	75.80	15,452.00	203.85
<b>Realisation Of Assets</b>							
Sale of Home	113.50	197.95	45.70	-	357.15	125,625.75	351.75
Trade debtors	1.40	52.30	77.10	-	130.80	28,334.50	216.62
Unlaw ful dividends	38.60	38.55	74.55	-	151.70	41,862.00	275.95
<b>Trading</b>							
General	82.00	137.60	207.35	-	426.95	112,899.25	264.43
Employee matters	9.05	15.20	96.90	-	121.15	25,223.00	208.20
Supplier matters	32.45	13.50	643.35	-	689.30	122,007.50	177.00
Trading income	3.80	9.80	184.75	-	198.35	34,062.25	171.73
<b>Creditors</b>	90.45	60.55	23.40	-	174.40	64,099.25	367.54
<b>Tax</b>	1.65	59.05	14.80	-	75.50	18,244.25	241.65
<b>Case specific matters</b>	2.40	6.50	1.20	-	10.10	3,866.00	382.77
Total hours	418.75	752.25	1,749.20	353.70	3,273.90		
Total time costs £	182,750.50	234,313.25	285,245.25	36,900.25		739,209.25	225.79

Total remuneration drawn on account £254,430

## Charge out rates

Rates effective from 1st-Nov-2016

Partner / Director	£430 - £550
Associate director / Manager	£270 - £395
Administrator	£110 - £240
Support staff	£110 - £175

Time charged in 3 minute unites or multiples thereof

Work undertaken in the administration includes:

### **Statutory compliance, administration and planning**

- Setting up and maintenance of internal hard copy files and case file on the Insolvency Practitioners System (IPS)
- Data input including basic details of case, assets, creditor names and addresses and employee names and addresses
- Obtaining specific penalty bond
- Setting up of the administration bank account including inputting details on the IPS system
- Preparation and filing (with the Registrar of Companies) of various statutory forms including change of registered office form, notice of appointment and statement of affairs
- Advertisement of notice of appointment and the notice to creditors to claim in The Gazette
- Convening and holding meetings of creditors
- Letters to the directors regarding the provisions of sections 216 and 217 of the Insolvency Act 1986, enclosing directors' questionnaires
- Obtaining approval for the basis of fees from creditors
- Initial notification to HM Revenue & Customs
- Preparation and distribution of the administrators' proposals to members and creditors
- Preparation and distribution of progress reports to members and creditors
- Preparation and submission of statutory receipts and payments accounts
- Applying for the extension of the administration
- General administration of case including case planning and strategy
- Completion of internal reviews including asset realisation review, 6 month review and annual reviews
- Collection, preservation and review of the Company's book and records
- Review of the Company's redirected post
- Written and verbal communications with the unsecured creditors
- Written and verbal communication with employees
- Dealing with lease and hire purchase creditors in conjunction with our agents
- Liaising with the Company's former professional advisors and bankers
- Review work pursuant to the Statement of Insolvency Practice 2
- Review of creditor questionnaire and other information received in relation to the affairs of the Company
- Review of directors' questionnaires
- Preparation of the administrators' submission on the actions of the directors to the disqualification unit of the Department for Business, Energy & Industrial Strategy
- Correspondence with compliance department in respect of on-going case issues/matters.
- Complying with money laundering regulations
- Completing bill requisitions and raising invoices against time incurred in respect of work carried out and outlays incurred
- Reconciliation of post appointment bank accounts to the administration records
- Maintaining time-costs and disbursement schedules on firm's PMS/CCH system (including timesheet entries)
- Dealing with pension issues
- Arrangement and review of insurance policies in relation to the Company's assets
- Preparation and submission of corporation tax returns
- Preparation and submission of VAT returns
- Chargeable gains tax calculations
- Closure formalities.

### **Asset realisations**

- Identifying, securing and insuring the assets
- Instructing agents to value assets
- Liaising with agents regarding the realisation of assets
- Liaising with solicitors regarding the realisation of assets
- Liaising with secured creditors regarding the realisation of charged assets
- Liaising with pre-appointment bankers regarding the closure of the Company's bank accounts
- Dealing with retention of title claims in conjunction with our agents
- Written and verbal correspondence with debtors.
- Monitoring and collection of outstanding debtors, retentions and work in progress.
- Property, business and asset sales.
- Tax reclaims
- Review of interest rate hedging products

**Investigations**

- Liaising with the Company's former professional advisors and bankers.
- Review work pursuant to the Statement of Insolvency Practice 2.
- Liaising with solicitors in relation to investigations
- Forensic accounting
- Review of Company's bank statements
- Further review of the Company's book and records
- Review of directors' questionnaires
- Land Registry and Companies House searches
- Consideration of legislation relating to, but not limited to, wrongful trading, fraudulent trading, antecedent transactions, preferences, transactions at undervalue.

**Trading**

- Instructing managing agents
- Monitoring trading performance
- Payment of trading suppliers
- Reconciliation of trading income and expenditure
- Preparation of completion trading accounts.

## AVONWOOD MANOR LIMITED - IN ADMINISTRATION

## Breakdown of expenses

Please find below a schedule of all expenses incurred in the previous 12-month period and cumulatively since appointment:

Cost description	Undrawn costs brought forward from previous period(s) £	Cost incurred £	This period from 28/02/2017 to 27/08/2017 Cost drawn £	Cost incurred £	Cumulative from 16/04/2014 to 27/08/2017 Cost drawn £
[1] Agent's fees & expenses	-	-	-	36,295.00	36,295.00
[2] Agent's fees & expenses	-	-	-	1,117.60	1,117.60
[3] Agent's fees & expenses	-	-	-	295.00	295.00
[4] Legal fees & expenses	-	-	-	21,781.42	21,781.42
[5] Legal fees & expenses	-	900.50	900.50	145,865.43	145,865.43
[6] Insurance	-	-	-	16,394.90	16,394.90
[7] Statutory advertising	-	-	-	75.00	75.00
[8] Specific penalty bond	-	-	-	200.00	200.00
[9] Office holders' outlays	-	-	-	892.83	892.83
<b>Total</b>	-	900.50	900.50	222,917.18	222,917.18
Total undrawn costs carried forward					£Nil

## Summary of professional services

Professional advisor	Nature of work	Fee arrangement
[1] Christie & Co.	Valuers and surveyors – Sale of business	2% sales commission
[2] Lambert Smith Hampton (ES Group)	Valuers and surveyors – Chattels	Fixed fee plus travel expenses
[3] Venners Limited	Stocktakers	Fixed fee
[4] DLA Piper UK LLP	Solicitors – Sale of business/lending security	Time costs
[5] Lewis Silkin LLP	Solicitors – Appointment/investigations	Time costs & Counsels fees
[6] JLT Specialty Limited	Insurance brokers	Risk based premium
[7] Courts Advertising Limited	Statutory advertising	At cost
[8] Willis Limited	Specific Penalty Bond	At cost
[9] Office holders' outlays	General disbursements	At cost

## Outlays comprise:

- Travel	£346.93
- Postage	£216.03
- Telephone	£179.28
- Support services (Lambert Smith Hampton)	£100.00
- Courier	£6.60
- Subsistence	£6.00
- Land registry & company search fees	£37.99
	<b>£892.83</b>