

The Insolvency Act 1986  
**Administrator's progress report**

Name of Company  
 Stubbs House Children's Care Limited

Company number  
 05161328

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

Court case number  
 21056 of 2009

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

I/We (a)  
 Nicholas Guy Edwards  
 Deloitte LLP  
 PO Box 810  
 66 Shoe Lane  
 London  
 EC4A 3WA

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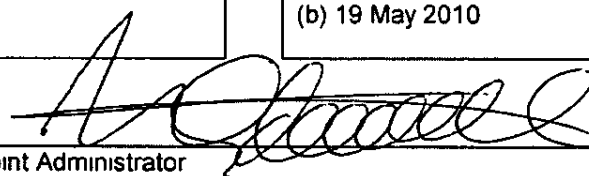
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From  
 (b) 20 November 2009

To  
 (b) 19 May 2010

Signed

  
 Joint Administrator

Dated

14 JUNE 2010

WEDNESDAY



\*APD9JKWK\*

AIQ

16/06/2010

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COMPANIES HOUSE

**CAWSTON PARK HOLDINGS LIMITED  
CAWSTON PARK LIMITED  
STUBBS HOUSE CHILDREN'S CARE LIMITED**

**Court No. 20713 of 2009  
Court No. 20712 of 2009  
Court No. 21056 of 2009**

**(ALL IN ADMINISTRATION)**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS PURSUANT TO RULE 2.47  
OF THE INSOLVENCY RULES 1986**

**14 June 2010**

**On 17 November 2009, Nick Edwards and Carlton Siddle were appointed Administrators and now manage the affairs, business and property of Cawston Park Limited and Cawston Park Holdings Limited. On 20 November 2009, Nick Edwards and Carlton Siddle were appointed Administrators and now manage the affairs, business and property of Stubbs House Children's Care Limited.**

**This report has been prepared for the sole purpose of advising the Companies' Creditors. 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 advising them, or by any other person for any purpose whatsoever.**

**The Administrators act as agents of the Companies without personal liability**

**All licensed insolvency practitioners of Deloitte LLP are licensed in the UK**

**Nicholas Guy Edwards and Carlton Malcolm Siddle  
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PO Box 810  
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## **APPENDICES**

- 1. Statutory Information**
- 2. Administrators' Receipts and Payments Accounts**

## ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

“the Act”	Insolvency Act 1986 (as amended)
“the Administrators”	Nicholas Guy Edwards and Carlton Malcolm Siddle of Deloitte
“Bank”	The Royal Bank of Scotland PLC
“BIS”	Department for Business Innovation and Skills
“CL”	Compulsory Liquidation
“the Companies”	CPHL, CPL and SHCCL
“CPL”	Cawston Park Limited
“CPHL”	Cawston Park Holdings Limited
“CVL”	Creditors’ Voluntary Liquidation
“Deloitte”	Deloitte LLP
“EC”	European Community
“Keys”	Keys Child Care Limited
“Proposals”	Statement of Administrators’ Proposals dated 11 January 2010
“the Rules”	Insolvency Rules 1986 (as amended)
“Savills”	Savills (L&P) Limited
“SHCCL”	Stubbs House Children’s Care Limited
“SIP”	Statement of Insolvency Practice
“SofA”	Statement of Affairs
“TUPER”	Transfer of Undertakings (Protection of Employment) Regulations

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 2.47 of the Rules to provide creditors with an update on the progress of the Administrations of the Companies since our first report to creditors dated 11 January 2010

Given the information provided to creditors in our previous report, we have not included detailed background information in respect of the Companies and have instead focussed on progress of the administrations over the first six months

As detailed in our report dated 11 January 2010, there will be insufficient funds to enable a distribution to any of the Companies' unsecured creditors, and as such, in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, meetings of the Companies' creditors were not convened. The Administrators' proposals were deemed to have been passed and these are referred to together with progress in respect of them in the section 2.1 below

A schedule of statutory information in respect of the Companies is attached at Appendix 1

### **1.2 Details of the appointment of the Administrators**

Nicholas Guy Edwards and Carlton Malcolm Siddle, both Partners of Deloitte were appointed Administrators by the directors of CPL and CPHL on 17 November 2009 and by the directors of SHCCL on 20 November 2009. The relevant Court for the administrations is the High Court of Justice, Chancery Division, Companies Court. Court reference numbers for each of the Companies are shown on the front page of this report

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators are each authorised to carry out all functions, duties and powers either jointly or severally

## **2. THE ADMINISTRATORS' PROPOSALS**

### **2.1 Introduction**

As previously reported to creditors, the Administrators concluded that the first part of the prescribed objective of administration under paragraph 3(1)(a) of the Act, being a restructuring and rescue of the company (the legal entity) as a going concern was not achievable in respect of any of the Companies

The purpose of the Administrations of CPL and SHCCL, in accordance with the second part of the objective set out in paragraph 3(1)(b) of the Act, is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of those companies

This purpose is not considered achievable for the Administration of CPHL and therefore its purpose, in accordance with the third part of the objective set out in paragraph 3(1)(c), is to realise property in order to make a distribution to its secured creditor, the Bank

Consequently, the Administrators have performed their functions in relation to the Companies in accordance with the purposes set out above

## 2.2 Progress in respect of the approved proposals

The Administrators proposals in order to achieve the objective of administration in respect of the Companies, are summarised below together with the current status in respect of each proposal

Proposal	Current status
1	<p>The Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses</p>
2	<p>The Administrators continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies</p>
3	<p>The Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Administrators conclude, in their reasonable opinion, that a company will have no assets available for distribution</p>

<p><b>SHCCL</b> The sale of the business and assets to Keys completed on 6 January 2010 and all recoverable book debts have been collected</p> <p><b>CPL</b> After a short period of trading to facilitate an orderly closure, the business ceased to trade on 26 November 2009</p> <p>CPL's property assets, Cawston Park and Kelling Park, were secured post cessation of trade and we are working together with our property agents, Savills, to realise value in these assets</p> <p><b>CPHL</b> CPHL is a holding company and held no material assets (other than the investment in CPL) at the date of appointment</p>
<p>The Administrators continue to investigate the conduct of the directors of the Companies and will submit their confidential report to BIS when these investigations have been completed</p>
<p>The Bank's secured claim in the amount of £10,885,542 has been agreed by the Administrators</p> <p>Preferential and unsecured claims have not been agreed given the dividend prospects</p>

4	The Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application	The distributions paid to date are detailed in Section 4
5	That, in the event the creditors of each company so determine at meetings of creditors, a Creditors Committee be appointed in respect of each or any company comprising of not more than five and not less than three creditors of that company or companies	No Creditors' Committees have been formed
6	That, in respect of each company, the Creditors' Committee, if one is appointed, shall be asked to agree that the Administrators' fees be fixed by reference to the time given in attending to matters arising in the Administrations and asked to agree the Administrators' expenses	No Creditors' Committees have been formed
7	That, if a Creditors' Committee is appointed, it will determine the basis of our fees. If a Creditors' Committee is not appointed, the secured creditor, or secured creditor and preferential creditors (if a distribution has or will be made to preferential creditors) of each company shall be asked to agree the Administrators' fees, in accordance with Rule 2.106(5A)(a), by reference to the time given in attending to matters arising in the Administration and that the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (presently up to 40p per mile)	No fees or mileage expenses have been paid or settlement requested at the date of this report
8	That, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations. This may include the dissolution of the Companies where no further funds are available to	Not yet applicable

	distribute, or alternatively, seeking to put each or any of the Companies into CVL or CL, depending on which option will result in a better realisation for creditors	
9	That, if each or any of the Companies were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committees appointed will become Liquidation Committees pursuant to R4 174 of the Rules As per paragraph 83(7) of Schedule B1 of the Act and R2 117 (3) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors For the purposes of s231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally	Not yet applicable
10	In the absence of Creditors' Committees, the secured and preferential creditors of each Company agree that the Administrators be discharged from liability per paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office	Not yet applicable.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report

### **3. ADMINISTRATORS'RECEIPTS AND PAYMENTS ACCOUNTS**

#### **3.1 Introduction**

Attached at Appendix 2 are receipts and payments accounts covering the period from the dates of appointment to 16 May 2010 and 19 May 2010 for CPL and SHCCL respectively

There have been no receipts and payments to date in respect of CPHL and therefore a receipts and payments account is not provided.

In this section, we have summarised the material asset realisations of the Companies during the above 6 month periods and a commentary in respect of those assets yet to be realised



### **3.2 Bank funding**

Funding for the Administrations has been provided by the Bank by way of overdraft facility, which is repayable as an expense of the Administrations

### **3.3 Escrow / trust monies**

#### **Trust monies - CPL**

We understand that, prior to our appointment, CPL operated a trust type account for holding monies on behalf of patients. All allocated funds have now been returned to the respective patients in accordance with Company records. There remains a balance of £3,465 in the trust account and investigations into the beneficiaries of these monies are ongoing.

It is currently unclear whether these funds form part of CPL's estate and therefore these do not feature in the receipts and payments account included at Appendix 2.

#### **Escrow monies - SHCCL**

The purchaser of SHCCL's assets, Keys, provided the Administrators with £85,000 escrow monies for use exclusively in the settlement of liabilities incurred in the trading of the business during the period between the date of exchange of contracts (23 November 2009) and the date of completion (6 January 2010).

An amount of £17,618 was held at 19 May 2010 for the above purpose and any balance remaining after settlement of all costs will be repaid to Keys.

These funds do not form part of SHCCL's estate and therefore do not feature in the receipts and payments account included at Appendix 2.

### **3.4 Asset realisations**

#### **CPHL**

As previously advised, CPHL has no material assets. No realisations have been made to date and no future realisations are expected.

#### **CPL**

##### **Book debts - £225,425**

At the date of the Administrators' appointment, the net book value of CPL debtors per the directors' SoFA was stated as £445,721. However, a reconciliation of the debtor balances has since been undertaken and the balance considered collectable has been revised down to £331,574.

The Administrators collected £225,425 in the first six months of the Administration and a further £106,149 is outstanding as detailed in section 3.5 below.

##### **Miscellaneous refunds - £11,786**

Refunds totalling £11,785 have been received in this period. These relate primarily to insurance, client account and purchase ledger refunds.

## **SHCCL**

### **Sale of business - £800,000**

Total consideration under the sale agreement was £800,000 apportioned to freehold land and property, goodwill, chattels and other assets in the amounts detailed below:

- Freehold land and property - £700,000,
- Goodwill - £59,993;
- Chattels - £40,000, and
- Other assets - £7

### **Book debts - £23,338**

At the date of the Administrators' appointment, the net book value of SHCCL debtors per the directors' SofA was stated as £25,313 of which £23,338 has been realised for the benefit of the Administration, and the balance is considered irrecoverable

## **3.5 Estimated future realisations**

### **CPHL**

No realisations in respect of CPHL are anticipated

### **CPL**

#### **Properties, fixtures and fittings**

We are working with our property agents, Savills, to finalise a sale of CPL's property assets and, as such, it would not be appropriate at this time to detail the anticipated level of realisations from the sale. We do not, however, envisage a level of realisations that would provide a return to CPL's preferential or unsecured creditors

#### **Book debts**

The remaining uncollected book debts total approximately £106k and are disputed by the respective debtors. The Administrators continue to pursue these amounts

## **SHCCL**

All assets have now been realised

## **3.6 Estimated outcome for creditors**

As advised in our Proposals, we do not envisage there being sufficient realisations to enable a distribution to preferential or unsecured creditors in respect of any of the Companies

## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

The Companies' only secured creditor is the Bank and the Administrators have agreed the Bank's claim in the amount of £10,885,542

The Bank has received distributions in the amount of £440,467 to date

### **4.2 Preferential creditors**

The directors' SofA detailed preferential creditors in the amount of £44,593 and £5,000 for CPL and SHCCL respectively CPHL had no employees and no preferential claims were detailed in its directors' SofA

Preferential claims in the amount of £67,685 have been received to date in respect of CPL and no claims have been received for SHCCL which was sold as a going concern and, as such, we do not envisage receipt of any preferential claims as SHCCL's employees transferred to Keys under TUPER CPHL had no employees and therefore no claims have been received

The net floating charge realisations in respect of CPL are not expected to be sufficient to enable the payment of a dividend to preferential creditors

### **4.3 Prescribed part**

By virtue of Section 176A (2)(a) of the Act, the Administrators must make a Prescribed Part of the Companies' net property available for the satisfaction of debts Net property is the amount of the Companies' property which would, but for this section, be available for the holders of floating charges created by the Companies

The value of floating charge asset realisations in relation to the Companies will be low and, once floating charge costs of the Administrations are taken into account, the Administrators do not envisage that there will be sufficient floating charge funds available to enable the payment of a dividend to unsecured creditors under the Prescribed Part in respect of any of the Companies

### **4.4 Unsecured creditors**

After discharging the costs of the Administration, the Administrators do not expect any funds to be available to pay a dividend to the unsecured creditors of any of the Companies, including under the prescribed part above

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

The Administrators currently anticipate terminating the Administrations via dissolution within the initial 12 months period following completion of all statutory matters and distribution of funds to the Bank The Administrators therefore do not currently anticipate a requirement to extend the Administrations beyond the initial 12 month period

## **5.2 Investigations**

The Administrators are required under legislation to report on the conduct of those parties which have been directors of the Companies within three years of the appointment of Administrators. Our investigations in this regard continue and we will report to BIS when these have been concluded.

## **5.3 SIP 13 – Transactions with Connected Parties**

In accordance with SIP 13, we confirm that there have been no transactions with connected parties in the period other than the sale of a laptop to a Director of the Companies for £150. The amount received was in line with the independent chattels valuation carried out by Wyles Hardy.

## **5.4 EC Regulations**

As stated in the Administration Orders in respect of the Companies, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

# **6. ADMINISTRATORS' FEES AND EXPENSES**

## **6.1 Administrators' fees**

As there are unlikely to be funds available to the Companies' unsecured and preferential creditors, the fixing of the Administrators' remuneration will be approved in accordance with Rule 2.106(5A) of the Rules which requires the approval of the secured creditors only.

On this basis, pursuant to paragraph 52(1)(b) of schedule B1 of the Act, there is no requirement for unsecured creditors to pass a resolution in respect of the Administrators' remuneration.

Statutory information in respect of the Companies

	CPHL	CPL	SHCCL
<b>Company Number</b>	05445223	03670039	05161328
<b>Date of incorporation</b>	6 May 2005	18 November 1998	23 June 2004
<b>Previous Name</b>	Chancellor Care Holdings Limited	Chancellor Care Limited	Chancellor Children's Care Limited
<b>Trading Names</b>	N/A	N/A	N/A
<b>Share Capital (Authorised, allotted, called up and fully paid)</b>	A Ordinary shares of £1 each - 196,000 B Ordinary shares of £1 each - 304,000 C Ordinary shares of £1 each - 5,009,362	Ordinary shares of £1 each - 13,768	Preference shares of £1 each – 64,300 Ordinary shares of £1 each - 81,425
<b>Directors</b>	John Greenhalgh Lesley Reardon-Denton Nicholas Bacon	John Greenhalgh Lesley Reardon-Denton	John Greenhalgh Lesley Reardon-Denton
<b>Company Secretary</b>	John Greenhalgh	John Greenhalgh	John Greenhalgh
<b>Details of Officer's Holdings</b>	nil	nil	nil
<b>Shareholders</b>	Lloyds TSB Development Capital Limited Andrew Breeze David Prior Lloyds TSB Ventures Nominees Limited Dominic Wilson	Cawston Park Holdings Limited	Cawston Park Limited
<b>Bankers</b>	Royal Bank of Scotland plc		
<b>Auditors</b>	Grant Thornton UK LLP		
<b>Registered Office</b>	Hill House, 1 Little New Street, London, EC4A 3TR		
<b>Former Registered Office</b>	Cawston Park, Aylsham Road, Cawston, Norwich, Norfolk, NR10 4JD		
<b>Trading Address</b>	Cawston Park, Aylsham Road, Cawston, Norwich, Norfolk, NR10 4JD	Stubbs Green, Lodden, Norfolk, NR14 6EA	
<b>Court Reference</b>	20713 of 2009	20712 of 2009	21056 of 2009
<b>Date of Appointment</b>	17 November 2009	17 November 2009	20 November 2009
<b>Person who made the application</b>	The appointment was made by the Directors of the Companies pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986		
<b>Joint appointment provisions pursuant to paragraph 100(2) of Schedule b1 of IA86</b>	The Administrators are authorised to carry out pursuant to paragraph 100(2) all functions, duties and powers by any of them, of Schedule B1 of the Insolvency Act 1986 jointly and severally		

**Cawston Park Limited (in Administration)**

**Summary of Receipts and Payments for period 17 November 2009 to 16 May 2010**

<b>Receipts</b>	<b>Total (£)</b>
Book Debts	225,425
Miscellaneous Refunds	11,786
Petty Cash	2,861
Plant and Machinery	300
Third Party Funds	253
Bank Interest Gross	8
	<u><b>240,633</b></u>
 <b>Payments</b>	
Wages and Salaries	(302,071)
Sundry Expenses	(8,958)
Property Agents Fees and Disbursements	(6,262)
Insurance	(6,230)
Legal Fees	(5,878)
Repairs and Maintenance	(1,750)
Storage Costs	(1,424)
Lease/HP Payments	(1,353)
Telephone	(899)
Postage and Redirection	(833)
Rates	(723)
Statutory Advertising	(392)
Bank Charges	(85)
	<u><b>(336,859)</b></u>
 <b>Net Payments</b>	<b>(96,226)</b>
 <b>Bank Funding</b>	<b>162,347</b>
<b>Distribution to Secured Lender</b>	<b>(273,142)</b>
	<u><b>(207,021)</b></u>
 <b>Balance in hand</b>	<b>(207,021)</b>
 <b>Represented by:</b>	
Third party funds	253
Overdraft	(207,274)
	<u><b>(207,021)</b></u>

**NB - VAT is not recoverable.**

**Third party funds were received in error and will shortly be returned to the appropriate beneficiary**

**Stubbs House Children's Care Limited (in Administration)**

**Summary of Receipts and Payments for period 20 November 2009 to 19 May 2010**

<b>RECEIPTS</b>	<b>Total (£)</b>
Freehold Land and Property	700,000
Goodwill	59,993
Plant and Machinery	40,000
Other Assets	7
Book Debts	23,338
Bank Interest Gross	1,133
Miscellaneous Receipts	195
	<u><b>824,666</b></u>
 <b>PAYMENTS</b>	
Wages and Salaries	(46,413)
Trading Costs	(2,726)
Legal Fees	(2,390)
Sundry Expenses	(905)
Postage	(144)
Ransom payment	(125)
	<u><b>(52,702)</b></u>
 <b>Net Receipts</b>	 <b>771,963</b>
 <b>Distribution to Secured Lender</b>	 <b>(167,325)</b>
	 <u><u><b>604,638</b></u></u>
 <b>Balance In Hand</b>	 <b>604,638</b>
 <b>Represented by:</b>	 <u><u><b>604,638</b></u></u>
Bank account	

**NB - VAT is not recoverable**