

In accordance with Rule 3.35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03

Notice of administrator's proposals



Companies House

FRIDAY



A11 *A8DEIDXT* #403
06/09/2019
COMPANIES HOUSE

1 Company details

Company number 0 4 6 4 0 1 0 6

Company name in full Pennine Manor Hotel Limited

→ Filing in this form
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s) Philip Francis

Surname Duffy

3 Administrator's address

Building name/number The Chancery

Street 58 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 E W

Country

4 Administrator's name

Full forename(s) Sarah Helen

Surname Bell

① Other administrator
Use this section to tell us about another administrator.

5 Administrator's address

Building name/number The Chancery

Street 58 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 E W

Country

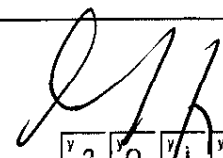
② Other administrator
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature 

Signature date

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AM03 Notice of Administrator's Proposals

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

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

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 and dated 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 or email 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

LIQ03

Notice of progress report in voluntary winding up

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 **Heather.Barnes**

Company name **Duff & Phelps Ltd.**

Address **The Chancery**

58 Spring Gardens

Post town **Manchester**

County/Region

Postcode **M 2 1 E W**

Country

DX

Telephone **+44 (0) 161 827 9000**

Checklist

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Please make sure you have remembered the following:

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**Joint Administrators’
Report to Creditors
and Statement of
Proposals**

2 September 2019

**Pennine Manor Hotel Limited
(In Administration)**

Joint Administrators’ Report to Creditors and Statement of Proposals
For the period from 16 July 2019 to 2 September 2019
Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986

Duff & Phelps Ltd.
The Chancery
58 Spring Gardens
Manchester
M2 1EW

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Agents	Sanderson Weatherall, independent agents who were instructed to value and sell the assets of the Company
the Appointment Date	16 July 2019, being the date of appointment of the Joint Administrators
Assured	Assured Hotels Limited, independent agents who are instructed to oversee the operational management of the Hotel
the Bank/NatWest	NatWest Bank plc with whom the Company banked
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Pennine Manor Hotel Limited (In Administration) the Company (Company Number: 04640106)
DBEIS	Department for Business, Energy & Industrial Strategy
the Director	Gavin Lee Woodhouse
Duff & Phelps	Duff & Phelps Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW
EC Regulation	EC Regulation on Insolvency Proceedings 2000
Giant	Giant Hospitality Limited (Company number: 0989283)
HMRC	HM Revenue and Customs
the Hotel	Pennine Manor Hotel
NPD	Northern Powerhouse Developments Limited (Company Number: 09940469) – in Administration
the Joint Administrators	Philip Duffy and Sarah Bell of Duff & Phelps
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditor/Assetz	Assetz Capital Trust Company Limited, the holder of a fixed and floating charge over the Company's assets

SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SOA	Statement of Affairs, documentation to be supplied by the Director outlining the Company's financial position as at the Appointment Date
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

Contents

1. Introduction
2. Background
3. Events leading up to the Administration
4. Purpose of the Administration
5. Statement of Affairs
6. Progress of the Administration to Date
7. Investigations
8. Liabilities and Dividends
9. Statement of Pre-Administration Costs
10. Costs & Expenses
11. Joint Administrators' Receipts & Payments Account
12. EC Regulation
13. Deemed Approval
14. End of the Administration
15. Joint Administrators' Proposals
16. Other matters

Appendices

1. Statutory Information
2. Receipts and Payments Account
3. Schedule of Assets and Liabilities
4. Analysis of Time Charged and Expenses Incurred
5. Fee Estimate
6. Fees Narrative
7. Estimated Expenses of the Administration
8. Statement of Creditors' Rights
9. Proof of Debt Form

1. Introduction

- 1.1 The Joint Administrators were appointed on the Appointment Date by an order of the High Court in Manchester, Companies Court (number 000679 of 2019). The application to the court was made by the Secured Creditor.
- 1.2 The functions of the Joint Administrators may be exercised by either of the Joint Administrators.
- 1.3 This report is the statutory statement of proposals of the Joint Administrators. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration.
- 1.4 These proposals are delivered to creditors within 2 business days of the date of this report.

2. Background

- 2.1 Statutory information on the Company and a summary of its financial history is included at Appendix 1.
- 2.2 The Company was incorporated in January 2003 and was operated by Deckers Hotels Limited from incorporation until January 2019.
- 2.3 NPD acquired the shares of the Company in 2019 and Gavin Woodhouse was appointed as director on 14 January 2019.
- 2.4 NPD is the sole shareholder of the Company.
- 2.5 The Company operates as a franchised 31 bedroom hotel under the Best Western brand. The operations of the Hotel were managed by Giant which operates the Whisper Hotel brand and is currently under the management of Interim Managers appointed by the Court on 12 July 2019.
- 2.6 The Company banks with NatWest with a credit only facility.
- 2.7 The Company granted a fixed and floating charge to Assetz which was created on 14 January 2019 and delivered on 17 January 2019 in respect of a mortgage and a debenture.

3. Events Leading up to the Administration

- 3.1 NPD acquired the shares of the Company in January 2019.
- 3.2 NPD purported to operate an investment scheme where investors were offered the opportunity to purchase rooms in a number of hotels acquired by subsidiaries of NPD and/or Giant in return for lucrative returns. The schemes operated by NPD and/or Giant are currently under investigation.
- 3.3 In mid July 2019, the Joint Administrators were appointed as Interim Managers of NPD by the Court. This action was taken after investors raised concerns in respect of certain investments. Currently the activities of NPD are under investigation. NPD entered Administration on 16 August 2019.
- 3.4 The Secured Creditor became aware of the position of NPD and due to concerns regarding the financial position of the Company, the Secured Creditor took the decision to appoint the Joint Administrators.
- 3.5 On the Appointment Date a Notice of Appointment was filed and Philip Duffy and Sarah Bell of Duff & Phelps were formally appointed as Joint Administrators by the Secured Creditor.

3.6 The Joint Administrators considered the position prior to accepting the appointment and having regard to the Insolvency Practitioners Association's ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.

4. Purpose of the Administration

4.1 The purpose of an Administration is to achieve one of the following hierarchical objectives:

- Rescuing the company as a going concern, or
- Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

4.2 Whilst the Joint Administrators are looking to achieve a going concern sale of the business and assets of the Company, due to the level of creditors and expected realisations, it is not anticipated that the first objective will be achieved.

4.3 The Joint Administrators are pursuing the second objective as it is likely that a better result for the Company's creditors as a whole will be achieved than if the Company were wound up without first being in Administration for the following reasons:

- Continued trade during the Administration will protect the goodwill of the business and enhance the price that will be obtained in a sale as a going concern;
- Continued trade will enable pre-booked events and bookings to be held thereby reducing the value of claims in respect of any deposits and staged payments;
- Continued trade and a going concern sale of the Hotel will reduce employee claims which will be minimised by employees transferring under TUPE to the purchaser once a sale is completed.

4.4 The third objective will be achieved as it is anticipated that there will be sufficient funds generated from the sale of the freehold of the Hotel to enable a distribution to the Secured Creditor.

4.5 The Joint Administrators' proposals for achieving the purpose of the Administration are set out in the remainder of this report.

5. Statement of Affairs

5.1 The Joint Administrators have requested a SOA from the Director. To date, this has not been provided.

5.2 In the absence of a SOA, the Joint Administrators attach a schedule of creditors names and addresses and a statement of assets and liabilities which has been extracted from the Company's books and records at Appendix 3.

5.3 Employee claims and consumer creditors who have pre-paid deposits for goods or services are summarised.

5.4 Some creditor amounts shown may differ from the actual amount owed. This does not affect their claim.

6. Progress of the Administration to Date

- 6.1 The manner in which the affairs and business of the Company have been managed, since the appointment of Joint Administrators and will continue to be managed and financed are set out below:

Administration Trading Period

- 6.2 Upon their appointment the Joint Administrators attended the Company's trading premises to take charge of and secure the assets of the Company and to undertake an immediate review of the Company's financial and operational position.
- 6.3 The decision was immediately taken by the Joint Administrators to continue to trade the business whilst all options were reviewed. It is believed that if a sale as a going concern can be achieved, realisations would be maximised and creditor claims against the Company would be minimised. A going concern sale would also protect the employment of the Company's workforce.
- 6.4 It is also believed that the continuation of trade would assist with the collection of the pre-appointment book debts.
- 6.5 The Joint Administrators engaged Assured who are independent hotel operators, to act as managing agents assisting the Joint Administrators whilst the Hotel continues to trade.
- 6.6 The Joint Administrators required Assured to complete a full review of operations, which included staffing levels and other costs and implement any necessary changes. In addition, a full review of the sales and marketing strategy is also being undertaken with a view to increasing the revenue from room, food and beverage sales and weddings and other events
- 6.7 In addition, it was noted that the Hotel had a large number of wedding bookings over the weeks following the Appointment Date and honouring these bookings was likely to increase realisations and reduce liabilities in respect of deposits and staged payments already made.

Sale of Business and Assets

- 6.8 Following appointment, the Joint Administrators instructed the Agents to provide a valuation and marketing advice in respect of the Hotel. The marketing of the Hotel is being progressed with a view to completing a sale as soon as reasonably practicable.
- 6.9 It is anticipated that a sale will be achieved in the next six to twelve months. Once a sale of the Hotel has completed full details will be provided.
- 6.10 In addition to the marketing being managed by the Agents, on 2 August 2019 a 'Teaser Document' was circulated to 523 potential interested parties from the Duff & Phelps database. Interested parties have been asked to return non-disclosure agreements allowing the Agents to commence negotiations.
- 6.11 Due to the commercial sensitivity of the sales process we are unable to provide details of the expected realisations in respect of the Hotel. Details of the value obtained will be provided to creditors in reports subsequent to the sale.

Freehold Property

- 6.12 The principal asset of the Company is the Hotel located at Nettleton Hill Road, Scapegoat Hill, Huddersfield, HD7 4NH. Any sale of the Hotel will likely form part of a going concern sale of the business.
- 6.13 An independent valuation of the Company's business and assets, including the Hotel has been provided by the Agents. An estimated to realise value has not been disclosed in order not to prejudice any future marketing and sale negotiations.
- 6.14 Information reviewed by the Joint Administrators to date show that where investors purportedly acquired rooms in the Hotel, the vendor company was Bracken Country House Limited, another company within with NPD group. The Joint Administrators are currently investigating these agreements further and an update will be provided in the next report to creditors.

Book Debts

- 6.15 According to the Company's books and records the outstanding debts of the Company totalled £9,183 as at the Appointment Date.
- 6.16 The Joint Administrators and Assured will be contacting these debtors to collect the outstanding debts.

Inter-company Debt

- 6.17 According to the Company's books and records at the Appointment Date, there are several outstanding debts due to the Company from associated companies:

	£
Belmont Hotel Management Limited	8,350
Caer Rhun Hotel Management Limited	1,528
Queens Hotel (Llandudno) Management Limited	19,571
LBHS Management Limited	496
Giant Hospitality Limited	8,875
Fourcroft Limited	2,584
Northern Powerhouse Developments Limited	12,523
Fishguard Bay Hotel Limited	10,000
The Coach House Hotel Management Limited	2,749
The Old Golf House Hotel Management Limited	3,508
Gilsland Hall Limited	7,506
TOTAL	77,690

- 6.18 Several of the associated companies are in formal insolvency processes and it is uncertain whether any of the inter-company debts are recoverable.

Cash at Bank

- 6.19 As at the Appointment Date, the Company had cash at bank of £42,968, which was held at NatWest. These funds have been transferred to the Administration bank account.

Other Assets

- 6.20 The balance sheet taken from the management accounts at 31 March 2019 shows plant & machinery, office equipment, furniture and fixtures and stock. It is anticipated that these will likely form part of any sale of the Hotel as a going concern, however, should such a sale not be achieved these assets will be sold on a break up basis.

7. Investigations

- 7.1 Investigations into the Company's affairs are currently ongoing.
- 7.2 The Joint Administrators have a statutory obligation to file a report with DBEIS regarding the conduct of the directors that held office in the three years prior to the Administration. This report must be filed within three months from the Appointment Date and the content of this report is confidential.
- 7.3 The Joint Administrators also have a duty to investigate antecedent transactions which include:
- Transactions to defraud creditors, s.423 of the Act;
 - Preference payments, s.239 of the Act; and
 - Transactions at an undervalue, s.238 of the Act.
- 7.4 A further update on the investigations into the Company's affairs will be provided in subsequent progress reports
- 7.5 Investigations into the Company will also form part of the detailed investigations being carried out by the Interim Managers of NPD.

8. Liabilities and Dividends

Secured Creditors

Assetz Capital Trust Company Limited

- 8.1 In consideration for the monies advanced under a loan facility, the Company granted the Secured Creditor a debenture on 14 January 2019, which confers a fixed charge over the Hotel property and floating charges over all of the assets of the Company.
- 8.2 As at the Appointment Date, the Company's indebtedness to the Secured Creditor was approximately £760,000 plus accruing interest and charges.
- 8.3 At this stage it is anticipated that the Secured Creditor will be repaid in full from the proceeds of a sale of the Hotel.

Preferential Creditors

- 8.4 Upon the sale of the business and assets of the Company, it is anticipated that the Company's employees will be transferred to a purchaser via TUPE.
- 8.5 Until such time a sale of the Hotel has completed it remains uncertain whether there will be any preferential claims or whether there will be sufficient asset realisations to pay a distribution to preferential creditors.

Prescribed Part

- 8.6 The Prescribed Part is calculated as a percentage of net property, as follows:-

Net property less than £10,000:	50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential creditors would be disproportionate to the benefits
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

- 8.7 The Company granted a floating charge to the Secured Creditor on 14 January 2019 and therefore the Prescribed Part provisions will apply. The net property of the Company is unknown until such a time as the sale of business and assets is completed. Further details will be provided in the next progress report.

Non-Preferential Creditors

- 8.8 According to the Company records, non-preferential creditors total £178,775.
- 8.9 The Company records also indicate that a balance of approximately £98,000 is due to other NPD group companies. The non-preferential creditors can be summarised as follows:

Creditor	£
Trade & Expense Creditors	105,000
Inter-Company Loan	98,000
HM Revenue & Customs	73,775
Total	276,775

- 8.10 Any distribution to the non-preferential creditors of the Company will be dependent on the realisations achieved from any sale of the Hotel. It is uncertain if there will be sufficient realisations to enable a distribution to the non-preferential creditors other than via the Prescribed Part at this stage.
- 8.11 If not already done so creditors of the Company should complete the Proof of Debt form at Appendix 9 and return same to the Joint Administrators.

9. Statement of Pre-Administration Costs

- 9.1 Pre-Administration costs are fees and expenses incurred by the Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the company entered Administration but with a view to its doing so.
- 9.2 Any Pre-Administration time costs incurred in respect of the Company were incurred by the Interim Managers in their capacity as shareholders of Giant and therefore, no Pre-Administration costs have been incurred by the Joint Administrators.

10. Costs & Expenses

Estimated Fees and Expenses

- 10.1 It is proposed that the Joint Administrators' fee basis is based on time costs.
- 10.2 Fee approval will be sought from the Secured Creditor.
- 10.3 The amount proposed to be drawn in fees by the Joint Administrators is shown in Appendix 5. 'Fee Estimate'. The total amount indicated of £106,388 effectively acts as a cap on the level of fees to be drawn by the Joint Administrators.
- 10.4 The time costs already charged since appointment are analysed at Appendix 4. Time is charged in six minute units.
- 10.5 In accordance with SIP 9, the Joint Administrators have provided creditors with additional information regarding major areas of time below:
- 10.6 Time costs totalling £43,402 have been incurred in the Reporting Period, representing 117 hours at an average charge out rate of £282.
- 10.7 Time costs totalling £13,229 were incurred in Strategy, Planning and Control. These costs were necessary to establish the financial position of the Company and prepare a strategy for the Administration including information required for statutory disclosure to creditors and providing information to Assetz.
- 10.8 Time costs totalling £8,871 were incurred in dealing with Freehold and Leasehold Property. Such time was spent on preparing a marketing strategy for the Hotel including producing information to distribute to the interested party database, correspondence with the Agents and any potential interested parties and producing and circulating marketing material.
- 10.9 Time costs totalling £4,202 were incurred in Statutory Matters (Meetings, Reports and Notices). Such time was incurred in producing the statutory notices and documents following the appointment and circulating these to the relevant creditors and stakeholders of the Company and filing documents at Companies House.
- 10.10 Time costs totalling £3,923 have been incurred in Trading – Accounting. Such time was incurred in managing in the cash book in respect of receipts and payments to the hotels and updating budgets and forecasts for future trading.
- 10.11 The remaining time costs have been incurred in respect of Cashiering and Accounting including processing receipts and payments from the trading of the hotel, IPS set up and maintenance and communications with creditors and employees of the Company.

- 10.12 Also attached at Appendix 6 is the Fees Narrative, a summary of key issues, to assist creditors in understanding the strategy of the Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors. Further details of assets and liabilities and the estimated return to creditors, if any, are in the body of this report.
- 10.13 The Joint Administrators estimate the expenses of the Administration to total £50,480 (as shown in Appendix 7). This Schedule illustrates the estimated expenses for the whole of the Administration and is for information purposes only. No approval is required by creditors. This estimate may change over the course of the Administration but creditors will be informed of any variations with associated reasons in the six monthly Progress Reports.
- 10.14 Details of how to obtain further information relating to the fees and disbursements of the Joint Administrators is in Appendix 8.

11. Joint Administrators' Receipts and Payments Account

- 11.1 A Receipts and Payments account is provided at Appendix 2 and is self-explanatory.
- 11.2 A separate Receipts and Payments account has been prepared for the Administration trading period. This is also attached at Appendix 2.
- 11.3 The Joint Administrators are currently in the process of securing all the credit/debit card receipts which are currently being held by First Data Merchant Services. A further update will be provided in the Joint Administrators' next report.

12. EC Regulation

- 12.1 It is the Joint Administrators' opinion that the EC Regulation applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation.

13. Deemed Approval

- 13.1 A creditors decision on the approval of these proposals will not be sought as the Joint Administrators believe that the Company will have insufficient property to enable a distribution to be made to non-preferential creditors, other than via the Prescribed Part (if any).
- 13.2 The Joint Administrators' proposals will be deemed approved by the creditors unless creditors whose debts amount to at least 10% of the total debts of the Company request the Joint Administrators to seek a specific decision from the Company's creditors.
- 13.3 Further information is provided on Appendix 8, Statement of Creditors' Rights.

14. End of Administration

- 14.1 The options available to the Joint Administrators for the exit from the Administration are as follows:
- Compulsory Liquidation
 - Creditors' Voluntary Liquidation
 - Dissolution of Company
- 14.2 The Joint Administrators recommend that the Company should be dissolved, for the reasons set out below.

- 14.3 The Joint Administrators have formed the view that once all the outstanding Administration matters have been finalised, and all liabilities incurred during the Administration have been discharged, there will be insufficient funds available to allow a distribution to creditors, other than from the Prescribed Part (if any).
- 14.4 Once all outstanding matters have been satisfactorily completed by the Joint Administrators, they will give notice to the Registrar of Companies to the effect that the Company has no remaining property to realise which might permit a (further) distribution to its non-preferential creditors, at which stage the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies.
- 14.5 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

15. Joint Administrators' Proposals

- 15.1 The Joint Administrators' proposals shall be deemed approved by the creditors on the expiry of the period in which a decision can be requisitioned by creditors as detailed in the Appendix 8. The Joint Administrators are seeking deemed consent approval from creditors in respect of the proposals as explained in paragraphs 13.1 of these proposals and detailed in sections 15.1.1. to 15.1.4 below:
- 15.1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
- 15.1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
- 15.1.3 That the Joint Administrators, once all outstanding matters have been satisfactorily completed, take the necessary steps to give notice under Paragraph 84 of Schedule B1 of the Act to the Registrar of Companies to the effect that the Company has no remaining property which might permit a distribution to its creditors, at which stage the Administration will cease.
- 15.1.4 That the Joint Administrators, where they consider that there are funds available to be distributed to the non-preferential creditors (other than under the Prescribed Part) take the necessary steps to put the Company into either Creditors' Voluntary Liquidation or into Compulsory Liquidation as they deem appropriate. It is proposed that the Joint Administrators, currently Philip Duffy and Sarah Bell of Duff & Phelps would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 3.60(6)(b) of the Rules creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators and in accordance with Section 231 of the Act 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 them.

The Joint Administrators will be seeking specific agreement to the following proposals from the Secured Creditor:

- 15.1.5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration or their appointment otherwise ceasing.
- 15.1.6 Where a Creditors' Committee is not established, that the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 15.1.7 Where a Creditors' Committee is not established, that the Joint Administrators' Fee Estimate in the total sum of £106,388 is approved.
- 15.1.8 Where a Creditors' Committee is not established, that the Joint Administrators be authorised to draw their company's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements").

16. Other Matters

- 16.1 If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, then they would be pleased to hear from them.
- 16.2 If you require further information or assistance, please do not hesitate to contact Heather Barnes.


Philip Duffy
Joint Administrator

Enc.

The affairs, business and property of the Company are being managed by the Joint Administrators, Philip Duffy and Sarah Bell, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1

Statutory Information

Statutory Information

Date of Incorporation	17 January 2003
Registered Number	04640106
Company Director	Gavin Lee Woodhouse
Company Secretary	None appointed
Shareholder	Northern Powerhouse Developments Limited (1 ordinary share of £1)
Trading Address	Pennine Manor Hotel Nettleton Hill Road Scapegoat Hill Huddersfield HD7 4NH
Registered Office	Current: c/o Duff and Phelps The Chancery 58 Spring Gardens Manchester M2 1EW Former: Northern Pd Unit D2 Elland Riorges Link Lowfields Business Park Elland HX5 9DG

Balance Sheet	Management Accounts for period Jan 19 to Mar 19	FY18	FY17
Pennine Manor Hotel Limited	Stat	Stat	Stat
FIXED ASSETS			
Intangible	-	1,168	1,606
Tangible	1,186,955	1,181,806	1,212,662
	1,186,955	1,182,974	1,214,268
CURRENT ASSETS			
Stock	16,577	19,879	21,780
Debtors	6,670	88,777	43,614
Cash	39,833	22,384	27,772
	63,080	131,040	93,166
Total Assets	1,250,035	1,314,014	1,307,434
Current Liabilities	(137,113)	(87,917)	(1,191,153)
Deferred Tax	-	(17,153)	(21,082)
NET ASSETS / (LIABILITIES)	1,112,922	1,095,057	23,115
CAPITAL AND RESERVES			
Intercompany Accounts	(20,759)		
Shares and Reserves	(1,084,414)	1	1
Current Profit	(7,750)	1,077,903	2,032
CAPITAL AND RESERVES TOTAL	(1,112,923)	1,077,904	2,033

Appendix 2

Receipts and Payments Account

Pennine Manor Hotel Limited
(In Administration)
Administrators' Trading Account
To 02/09/2019

S of A £	£	£
POST APPOINTMENT SALES		
Sales	10,726.60	
Sales (4)	14,000.00	
		24,726.60
PURCHASES		
Purchases (1)	304.00	
		(304.00)
OTHER DIRECT COSTS		
<i>Casual Staff Wages</i>	24,557.15	
Wages	20,773.75	
		(45,330.90)
TRADING EXPENDITURE		
Telephone	1,763.68	
Bank charges	115.63	
Repairs & Maintenance	968.60	
IT Costs	162.73	
Laundry	2,000.00	
		(5,010.64)
TRADING SURPLUS/(DEFICIT)		(25,918.94)

Pennine Manor Hotel Limited
(In Administration)
Administrators' Summary of Receipts & Payments
To 02/09/2019

S of A £	£	£
ASSET REALISATIONS		
Debtors	2,099.35	
Cash at Bank	42,968.26	
Trading Surplus/(Deficit)	(25,918.94)	
		19,148.67
COST OF REALISATIONS		
Statutory Advertising	87.48	
		(87.48)
		19,061.19
REPRESENTED BY		
VAT Receivable		490.44
Floating/main current account		18,570.75
		19,061.19

Appendix 3

Schedule of Assets and Liabilities

Pennine Manor Hotel Limited (In Administration)
Estimated Financial Position at 16 July 2019

	<i>Notes</i>	<u>Book Value</u> £	<u>Estimated to Realise</u> £
Assets Subject to Fixed Charge			
Freehold Property	1	944,169	Uncertain
Less: Assetz (Capital & Interest)	2		<u>(760,000)</u>
Surplus/(Deficiency) c/d			(760,000)
Assets Subject to Floating Charge			
Plant , Machinery & Small Equipment	3	241,743	Uncertain
Office Equipment		1,043	Uncertain
Stock		16,577	Uncertain
Debtors	4	6,670	9,183
Inter-Company Debtors	5	77,690	Uncertain
Bank & Cash	6		<u>42,968</u>
Surplus/(Deficiency) c/d			<u>52,151</u>
Employees Arrears of Pay and Holiday Pay	7		-
Trade and Expense Creditors			(105,000)
HM Revenue & Customs			(73,775)
Inter-Company Loan			(98,000)
Estimated liability to non-preferential creditors	8		(276,775)
Share capital			(1)
Estimated liability to shareholders			(276,776)

Pennine Manor Hotel Limited (in Administration)
Notes to the Estimated Financial Position

1. The book value has been taken from the management accounts provided by the Company for the period January 2019 to March 2019. The ETR is currently uncertain and no further information will be released at this time so as not to prejudice any sale of the Hotel.
2. The balance due to Assetz is based on Company records and includes an estimate in respect of applicable interest and charges.
3. The book values for the floating charge assets have been taken from the management accounts provided by the Company for the period January 2019 to March 2019. The ETR is currently uncertain and will be dependent on any agreement reached in respect of a sale of the Hotel.
4. The ETR value for the debtors is based on an up to date ledger provided by the Company.
5. The ETR value of the Inter-Company Debtors is uncertain as the Joint Administrators are seeking clarification on the financial position of the associated companies several of which are understood to be in Administration
6. The ETR value for the cash at bank is based on the balance transferred from the Company's pre appointment bank account.
7. Based on current information it is not anticipated that there will be any liability to employees in respect of Arrears of Pay or Holiday Pay as this is being paid as an expense of the Administration whilst the Hotel continues to trade.
8. Creditor balances are based on the Company records at the Appointment Date. The estimated liability does not take into account the professional fees, expenses and disbursements incurred to date and to be incurred during the course of the Administration.

Appendix 4

Analysis of Time Charged and Expenses Incurred

106417 PENNINE MANOR HOTEL LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 16/07/2019 to 02/09/2019

ADM-Admin. - Post Appt.

Classification of Work Function	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost	Avg Hourly Rate
Administration and Planning								
Case review & Case Diary management	0.00	1.00	0.20	0.50	0.00	1.70	416.50	277.67
Cashiering & accounting	0.00	2.55	1.20	4.70	0.00	31.95	2,333.25	268.08
IPS set up & maintenance	0.00	0.00	0.00	32.20	0.00	34.60	3,703.00	115.00
Insurance	0.00	5.00	0.00	0.30	0.00	5.30	1,938.00	365.66
Statutory matters (Meetings & Reports & Notices)	0.00	1.50	0.00	16.85	0.00	18.35	4,201.75	228.98
Strategy planning & control	0.00	21.50	0.65	28.20	0.00	27.25	13,228.75	251.83
Creditors								
Communications with Creditors / Employees	0.00	0.00	0.00	4.45	0.00	4.45	898.75	159.62
Non Pref Creditors / Employee claims handling	0.00	0.00	0.00	0.10	0.00	0.10	11.50	115.00
Investigations								
Financial review and investigations (S238/239 etc)	0.00	0.00	2.55	0.40	0.00	2.95	1,027.50	348.31
Realisation of Assets								
Freehold and Leasehold Property	0.00	23.50	0.00	0.25	0.00	23.75	8,871.25	373.53
Other Intangible Assets	0.00	0.00	0.00	1.25	0.00	1.25	293.75	235.00
Trading								
Trading - Accounting	0.00	11.50	0.00	0.30	0.00	11.80	3,923.00	332.46
Trading - Employees	0.00	0.75	0.00	0.60	0.00	1.35	392.25	290.56
Trading - Insurance	0.00	0.00	0.00	0.20	0.00	0.20	47.00	235.00
Trading - Operations	0.00	6.00	0.00	0.45	0.00	6.45	2,115.75	328.02
Total Hours:	0.00	57.80	4.40	54.95	0.00	117.15		282.39
Total Fees Claimed: £	0.00	20,674.00	1,543.25	10,865.25	0.00		43,402	

Appendix 5

Fee Estimate

Fees Estimate

Pennine Manor Hotel Limited

16 July 2019 for the period of the Administration

Classification of Work Function	Hours					Total Hours	Time Cost	Avg. Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Admin & Planning								
Case review and Case Diary management	1.00	1.00	1.00	3.00	0.00	6.00	1,935.00	322.50
Cashiering & accounting	1.00	8.00	1.00	10.00	0.00	20.00	6,625.00	331.25
Dealings with Directors and Management	2.00	3.00	1.00	2.00	0.00	8.00	3,305.00	413.13
IT set up & maintenance	0.00	0.50	0.00	35.00	0.00	35.50	6,890.00	194.08
Insurance	0.00	6.00	0.00	2.00	0.00	8.00	3,260.00	407.50
Statutory matters (Meetings, Reports and Notices)	2.00	5.00	2.00	25.00	0.00	34.00	8,920.00	262.35
Strategy planning & control	2.00	15.00	5.00	35.00	0.00	57.00	16,475.00	289.04
Tax Compliance/Planning	0.00	0.10	0.00	1.00	0.00	1.10	298.00	216.36
Creditors								
Communications with Creditors/Employees	0.00	1.00	0.00	6.00	0.00	7.00	1,620.00	231.43
Non Pref Creditors/Employee claims handling	0.00	0.50	0.00	5.00	0.00	5.50	1,190.00	216.36
Pref Creditors / Employee claims handling	0.00	0.00	0.00	3.00	0.00	3.00	570.00	190.00
Secured Creditors	0.50	2.00	0.00	2.00	0.00	4.50	1,640.00	364.44
Investigations								
CPDA, reports & Communication	2.00	1.00	0.00	6.00	0.00	9.00	2,820.00	313.33
Disputes & Investigations	2.00	1.00	0.00	2.00	0.00	5.00	2,060.00	412.00
Financial review and investigations (5238/239 etc)	1.00	3.00	0.00	1.00	0.00	5.00	2,290.00	446.00
Realisation of assets								
Book debts	0.00	2.00	0.00	4.00	0.00	6.00	1,720.00	286.67
Freehold & Leasehold Property	2.00	30.00	2.00	6.00	0.00	40.00	17,310.00	432.75
Other Intangible Assets	0.00	2.00	0.00	2.00	0.00	4.00	1,340.00	335.00
Other Tangible Assets	0.00	2.00	0.00	2.00	0.00	4.00	1,340.00	335.00
Trading								
Trading - Accounting	1.00	30.00	2.00	5.00	0.00	38.00	16,520.00	434.74
Trading - Employees	0.00	3.00	0.00	5.00	0.00	8.00	2,390.00	298.75
Trading - Operations	2.00	8.00	0.00	5.00	0.00	15.00	5,990.00	399.33
Total Hours	15.50	83.10	12.00	152.00	0.00	262.60		339.62
Total Estimated Fees	9,300.00	39,888.00	3,420.00	28,880.00	0.00		106,388.00	

Appendix 6

Fees Narrative

Pennine Manor Hotel Limited - in Administration ("the Company")
Fee Estimate for the whole period of the Administration

Philip Duffy and Sarah Bell appointed on 16 July 2019
Administration commenced on **16 July 2019**

Introduction

The following information is provided to creditors to enable them to consider and approve the Joint Administrators' remuneration. It is a summary of key issues, to assist creditors in understanding the strategy of the Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors.

This document should be read in conjunction with the Joint Administrators' Report to Creditors and Statement of Proposals which provides further details of the assets, liabilities and estimated return to creditors, if any. Particular reference is made to the Appendices 5 and 7 entitled: 'Fee Estimate' and 'Estimated Expenses of the Administration'.

Estimated Fees and Expenses

The Joint Administrators propose that their fees will be based on time costs.

The amount expected to be incurred in fees over the life of the case by the Administrators is shown in Appendix 5 - Fee Estimate and totals £106,388 being 263 hours which is at an average hourly rate of £340.

The Administrators estimate the expenses of the Administration to total approximately £50,480 (as shown in Appendix 7 Estimated Expenses of the Administration). This Appendix illustrates the estimated expenses for the whole of the Administration and is for information purposes (not for approval by any class of creditor). This estimate may change over the course of the Administration but creditors will be informed of any variations with associated reasons in the Joint Administrators six monthly Progress Reports.

As detailed in the Proposals, the Secured Creditor is asked to approve the fee basis (time costs) and also the Fee Estimate in the total sum of £106,388.

Estimated Return to Creditors

Secured Creditor – Assetz

In consideration for the monies advanced under a loan facility, the Company granted the Secured Creditor a debenture on 14 January 2019, which confers fixed and floating charges over all of the assets of the Company.

As at the Appointment Date, the Company's indebtedness to the Secured Creditor was approximately £750,000, subject to accruing interest, charges and costs.

The charge contains a fixed charge over the Hotel and a floating charge over the Company's remaining assets.

At this stage it is anticipated that there the Secured Creditor will be repaid in full from the proceeds of a sale of the Hotel.

Time costs of £1,640 are expected to be incurred in liaising with the Secured Creditor including obtaining approval of resolutions and providing updates on dividend prospects. This includes confirming the amounts due in respect of the fixed and floating charges held following the application of any relevant interest and charges and arranging for these balances to be repaid.

Preferential Creditors

Based on current information, it is anticipated that upon the sale of the business and assets of the Company the Company's employees will be transferred to a purchaser via TUPE.

Until such time a sale of the Hotel has completed it remains uncertain whether there will be any preferential claims or whether there will be sufficient asset realisations to pay a distribution to preferential creditors.

Minimal time costs of £570 are anticipated to be incurred in liaising with employees regarding any queries in respect of wages and holiday pay. Should the Company's employees not be transferred to a purchaser via TUPE these costs are likely to increase significantly.

Non-preferential Creditors

Based on current information, it is anticipated that there will be insufficient realisations to enable a distribution to non-preferential creditors of the Company other than via the Prescribed Part (if any). This will be confirmed following a sale of the Hotel.

Time costs of £2,810 are anticipated in respect of Communications with Creditors/Employees and Non Pref Creditor/Employee Claims handling.

However, the Joint Administrators will meet the statutory requirement to write to all creditors and employees and advise them of their rights in the Administration and also deal with any queries from and process all claims.

Strategy

Asset Realisations

Trading and Sale of Business/Hotel

As detailed in Proposals, the decision has been taken to continue to trade the Hotel whilst marketing it for sale as a going concern.

It is anticipated that the sum of £24,900 will be incurred in relation to direct trading costs including dealing with staff, receipts and payments and general operating matters. It should be noted that the main operations will be dealt with by Assured, however the Joint Administrators and their staff will be operating the cash book, monitoring all sales and purchases and maintaining the payroll.

It is anticipated that time costs totalling £17,310 will be incurred in respect of Freehold Land and Property. These time costs will be incurred in respect of marketing and negotiating a sale of the Hotel.

Book debts

According to the Company's books and records the outstanding debts of the Company totalled £9,183 as at the Appointment Date.

Time costs of £1,720 are anticipated in respect of book debts. Such time will be incurred in reviewing the debtor ledger and liaising with Assured to obtain copies of outstanding invoices.

The Joint Administrators will write to debtors where necessary in order to demand repayment of outstanding balances due.

Other Assets

Further costs of £2,680 are expected to be incurred in respect of Other Intangible Assets and Other Tangible Assets. It is anticipated that a sale of the Hotel as a going concern will be completed however these costs relate to dealing with the other assets of the Company and negotiating what assets will be included in any sale including intangible assets such as intellectual property, branding and customer information to be included in a sale as a going concern and tangible assets such as plant & machinery, fixtures, fittings and furniture and stock.

Should such a sale not be achieved these assets will be sold on a break up basis.

Investigations

It is a statutory requirement that the Joint Administrators provide a report to the Secretary of State on the conduct of the Directors in their management of the Company to determine their unfitness to act in such a role.

This will entail a broad level of investigation to ensure that best practice standards are met and the Fee Estimate reflects this standard. If the Secretary of State then instigates Directors Disqualification proceedings, further time may be expended in providing supporting documents, witness statements etc. Such investigation may or may not lead to further asset recovery so creditors should not assume that this activity will provide a monetary benefit to the Administration estate.

Full details of the investigations to be conducted cannot be disclosed at this stage in order to avoid prejudicing any potential recovery or action in this regard. It is expected that time costs of £7,110 will be incurred over the course of the Administration as per the Fee Estimate.

Investigations into the Company will also form part of the detailed investigations being carried out by the Interim Managers of NPD.

Statutory Compliance

An Administrator is highly regulated, being required to conform to insolvency legislation, industry Best Practice policies (Statements of Insolvency Practice) and relevant case law. Consequently, Administrators are obliged to undertake many activities that do not provide a financial benefit to creditors. Such matters will include, but are not restricted to: Anti Money Laundering, Bribery Act and Ethical considerations and checks, statutory advertising, regular reporting to creditors including fee agreement procedures, obtaining and securing company books and records, pension review and liaison with the Pension Protection Fund, Companies House filing, completion and release of insolvency bond, cashiering, accounting and various treasury functions and dealing with the ongoing strategy for the Administration.

It is anticipated that time costs totalling £47,648 will be incurred in dealing with these matters over the course of the Administration as per the Fee Estimate.

Appendix 7

Estimated Expenses of the Administration

Pennine Manor Hotel Limited (In Administration)
Joint Administrators' Estimated Expenses of the Administration

Company	Activity	Fee Basis	Estimated Fee £
Professional Advisors			
Hewlett Swanson	Solicitors -Assisting with the Joint Administrators appointment, advice on the sale of businessand other ad hoc legal matters	Time costs	16,000.00
Sanderson Weatherall	Agents - Marketing and Valuation advice	time costs	14,000.00
Assured Hotels	Agents - Operating the Hotel	time costs	10,000.00
Insolvency Risk Services	Insurer - Insurance over the Hotel	set rate	8,000.00
		TOTAL	<u><u>48,000</u></u>
Costs			
Courts Advertising Limited	Statutory Advertising	Fixed Fee	255
Willis Towers Watson	Bond premium	Fixed Fee	225
Barclays Bank	Bank charges	set rate	2,000
		TOTAL	<u><u>2,480</u></u>
		TOTAL	<u><u>50,480</u></u>

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

The above is exclusive of VAT

Appendix 8

Statement of Creditors' Rights

STATEMENT OF CREDITORS RIGHTS

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section numbers refer to Insolvency Act 1986

'Office-holder' is the current Administrator or Liquidator as applicable

Information for creditors on remuneration and disbursements of administrators

Information regarding the fees and disbursements of administrators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Joint Administrators' website at:

<https://www.duffandphelps.co.uk/services/restructuring/corporate-restructuring-and-debt-advisory/creditor-guides-and-employee-fact-sheets>

(click on the document 'Administration (appointment from 1 October 2015)'). Should you require a copy, please contact this office.

Creditors have the right to request information from the office-holder under rule 18.9

A secured creditor, a non-preferential creditor with the concurrence of at least 5% in value of the non-preferential creditors (including the creditor in question) or any non-preferential creditor with the permission of the Court may make a written request to the office-holder for further information concerning remuneration or expenses. Such a request must be made within 21 days of receipt of this report and a response will be provided within 14 days of receipt of the request.

Creditors have recourse to court, application to be made within 21 days of the office-holder giving reasons for not providing all the information requested or the expiry of the 14 days within which an office-holder must respond to a request.

Creditors have the right to challenge the office-holder's remuneration and expenses under rule 18.34

A secured creditor, a non-preferential creditor with the concurrence of at least 10% in value of the non-preferential creditors (including that creditor) or any non-preferential creditor with the permission of the Court, may make an application to Court on the grounds that the remuneration charged or expenses incurred are excessive and/or that the basis fixed for the office-holder's remuneration is inappropriate. The application to court must be made no later than eight weeks after receipt of the Progress Report where the charging of the remuneration or the incurring of expenses in question occurs.

Appendix 9

Proof of Debt Form

PROOF OF DEBT - GENERAL FORM

Pennine Manor Hotel Limited - in Administration Company No. 04640106	
Date of Administration: 16 July 2019	
1.	Name of Creditor (If a company please also give company registration number and if non-UK, country of registration)
2.	Address of Creditor for correspondence
	Contact telephone number of creditor
	Email address of creditor
	REF
3.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25
4.	Details of any documents by reference to which the debt can be substantiated (please attach)
5.	If amount in 3 above includes outstanding uncapitalised interest please state amount
	£
6.	Particulars of how and when debt incurred (if you need more space append a continuation sheet to this form)
7.	Particulars of any security held, the value of the security, and the date it was given
8.	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	DATE
	Are you the sole member of the creditor?
	YES / NO
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)
	Admitted to vote for £
	Admitted for dividend for £
	Date
	Date
	Administrator
	Administrator