

Joint administrators' final progress report from 30 November 2019 to 13 March 2020

Nestor Primecare Services Limited
(in administration)

High Court of Justice, Business and Property Court in Leeds,
Company and Insolvency List (ChD)
Case no. 1219 of 2018

19 March 2020

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Administrators / we / us / our	Zelf Hussain and Anthony Steven Barrell until 10 May 2019. Anthony Steven Barrell was replaced by David Matthew Hammond from 10 May 2019
Bank / RBSIF	RBS Invoice Finance Limited, the secured creditor
Company	Nestor Primecare Services Limited (in administration) – formerly trading as Allied Healthcare
CVL	Creditors' voluntary liquidation
CVA	Company voluntary arrangement under Part 1 IA86
Firm	PricewaterhouseCoopers LLP
HMRC	HM Revenue & Customs
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
LtO	Licence to Occupy
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Purchaser / CRG	Allied Health-Services Limited and Allied Health Support Limited, which are under the control of Health Care Resourcing Group Limited (more widely known as CRG)
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates

Abbreviation or definition	Meaning
SPA	<p>The agreement for the sale and purchase of the business and assets of the Company dated 30 November 2018 and made between:</p> <ul style="list-style-type: none">• the Company (the Seller), acting through the Administrators;• Allied Health-Services Limited and Allied Health Support Limited (the Buyer);• Health Care Resourcing Group Limited (the Guarantor of the Buyer's obligations); and• RBS Invoice Finance Limited (in relation to debts subject to a Receivables Finance Facility).
unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by Zelf Hussain and David Matthew Hammond as joint administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/alliedhealthcare. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and David Matthew Hammond have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

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Key messages

Why we've sent you this report

We're writing to let you know that our work in the administration of the Company is now complete and so we have taken the necessary steps to move the Company into liquidation. This is our final report on the administration process.

You can still view our earlier reports on our website at www.pwc.co.uk/alliedhealthcare. Please get in touch with Harpreet Panesar on 0113 289 4729 or at harpreet.panesar@pwc.com if you need the password to access the reports.

How much creditors may receive

The following table summarises the estimated outcome for the secured creditor and unsecured creditors.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured creditor(s)	100	100
Preferential creditors	N/A	N/A
Unsecured creditors	Up to 2	Up to 2

Secured creditor

We think the secured creditor will be fully repaid its initial lending of £2.1m from the proceeds of realising the Company's assets, over which it has fixed and floating charge security. Full repayment of the funding provided for the November 2018 employee arrears (see below), is also expected. We are currently awaiting confirmation from the secured creditor that they have been fully repaid but it is likely that confirmation will not be received until after the Company has moved into liquidation.

Preferential creditors

As disclosed in our previous reports, on our appointment all employees transferred to the Purchaser as a result of the immediate sale of the business. In addition, employee arrears for November 2018 were discharged by the Company (funded by the secured creditor) as part of the transaction and for the purpose of supporting the continuity of the business, thereby preserving value in the book debts and work-in-progress. The transfer of the employees and the payment of these commitments has discharged liabilities that would otherwise have been preferential claims and therefore we are not anticipating (nor have we received) any preferential claims against the Company.

Unsecured creditors

Based on what we currently know and due to a good outcome on the recovery of debts, we think that we will be able to pay a small dividend to the Company's unsecured creditors. The amount of any dividend and when it will be paid are dependent on future realisations, costs of the liquidation and the total amount of claims received. It will also depend on the timing and level of dividend paid to creditors from the separate CVA process as explained below.

As advised in our proposals, a CVA of the Company (approved on 17 May 2018) was terminated on 30 November 2018 due to the Company entering into administration. At that point, the Supervisors of the CVA became trustees for the assets of the CVA which are held in trust for the benefit of the CVA creditors. The Joint Supervisors' Report to Creditors on the Termination of the Arrangement has been issued to creditors of the CVA.

That report shows that the CVA creditors may receive a dividend of between 2 and 3 pence in the pound. However, the report also states that the final quantum and timing of the dividend will depend on the outcome of the UNISON appeal against the MENCAP decision in respect of sleep-in payments for employees, which could affect the level of claims. We understand that the appeal process commenced last month, but that it will be some time before the case is decided.

Once the trustees of the CVA trust fund have made a final distribution to the CVA creditors, any residual amounts owed to those creditors will rank as unsecured claims in the liquidation.

What you need to do

Submitting a proof of debt

If you haven't already done so, please send your claim to us at our Leeds office. Claims will be held on file pending commencement of the adjudication process which will be once the Company has moved into liquidation. Please note that acknowledgement of claims will not be issued. A claim form can be downloaded from our website at www.pwc.co.uk/alliedhealthcare or you can get one by telephoning Harpreet Panesar on 0113 289 4729.

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified (when we deliver notice of our intention to pay a dividend during the liquidation process) of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the liquidation or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

What happens next

In line with our revised proposals approved by creditors, the Company will now move into creditors' voluntary liquidation. The administration will end once this report and the form to move the Company into CVL has been filed at Companies House at which point the CVL will commence. There having been no alternate nominations, Zelf Hussain and David Matthew Hammond will be appointed as joint liquidators.

The Administrators have considered the Insolvency Code of Ethics and concluded that there are no matters preventing their appointment as liquidators of the Company.

As resolved by the secured creditor and ratified by the general body of creditors, we will be discharged from liability in respect of any of our actions as joint administrators immediately after our appointment as administrators ceases to have effect.

Our final report

Why we were appointed

We summarise below the reasons why the Company entered administration.

The Company's main business was the provision of Homecare services to 13,000 patients in their homes across England, Scotland and Wales. It also had a number of other divisions, including out-of-hours GP services and a number of call centres. It had c.8,500 employees, including c.7,500 carers.

The Company was experiencing significant cash flow pressures as a result of increasing costs within the sector, a decline in care hours being delivered on a number of challenging contracts and long standing pension scheme deficits. It proposed a CVA to deal with certain of these legacy issues; which took effect on 17 May 2018. In broad terms, the Company agreed to contribute to the arrangement from its cash flow, to facilitate a compromised full and final settlement of the CVA creditors.

However in the period following commencement of the CVA, the number of hours of care being delivered by the Company continued to decline. This put further pressure on cash flow and created difficulties in refinancing lending facilities which were due to expire on 30 November 2018.

A combination of these issues led to concerns being raised by the CQC around the future funding and viability of the business and its ability to continue to provide continuity of care. Consequently, on 5 November 2018 the CQC wrote to all Local Authorities in England providing them with a Stage 6 Notification raising concerns about the viability of services run by the Company.

It advised the Authorities that the Company had failed to provide adequate assurances regarding future funding and that there was a credible risk of disruption to services, warning users to make contingency plans. The Stage 6 notification received media coverage and consequently the Company's customers were likely to have been made aware of the Company's position, causing them to consider contingency plans in relation to contracts with the Company.

The Stage 6 Notification accelerated the reduction in future hours of care to be delivered for Local Authorities and caused operational challenges through the disruption of staff retention and recruitment. As a result of these increasing challenges, the directors took the decision to pursue an orderly but accelerated sale/transfer of the Company's contracts to new providers, to ensure continuity of care for its service users and deliver the best outcome for Company creditors.

After an initial review and in order to achieve the best outcome for creditors and to ensure the continuity of care for the Company's vulnerable service users, a pre-packaged sale was negotiated for the sale of the business and assets of the Company, enabling the business to continue as a going concern.

Sale of business and assets

In our Proposals and SIP 16 report, we explained in detail the sale of the business and assets to CRG. Those documents continue to be available online at www.pwc.co.uk/alliedhealthcare, the content of which is not repeated here unless considered necessary or beneficial for the purposes of this report.

The following factors were relevant in our decision to complete an immediate sale of the business:

- The Company did not own any significant assets and the outcome for creditors would be principally determined by recoveries from book debts owed in respect of services provided prior to the administration.
- The sale resulted in around 8,500 employees transferring to the Purchaser, along with the granting of a licence to occupy all the Company's leasehold properties. Therefore the sale also helped mitigate the level of unsecured creditor losses by reducing any contractual claims that could have arisen from supply contracts, redundancies, counter claims and leases that may also transfer.
- The sale enabled the statutory purpose of the administration to be achieved and represented the best outcome for creditors in the circumstances, in addition to ensuring the continuity of care for its vulnerable service users.

Leasehold properties

As we've previously stated, the Company operated from 117 leasehold properties (representing 84 branches), including a leasehold head office in Stafford. On appointment, an LtO for all of the leasehold properties was granted to the Purchaser for an initial period of five months. Details of extensions to the LtO and our work dealing with the Purchaser in relation to the properties were provided in our previous reports and not repeated here.

Since the expiry of the LtO, the Purchaser continued in occupation of a number of properties and has been making payments directly to the landlords. We have requested that the Purchaser obtains confirmation from each of the respective landlords that the payments have been accepted as payment by the Company under any obligations it may have under the leases.

At the time of this report, we are awaiting confirmation from the Purchaser of the position on the final nine properties and whether they are to be transferred (or vacated). However once the Company enters liquidation and in order to bring this matter to a conclusion, we will take steps (as joint liquidators) to disclaim the Company's interest in those leases, at the earliest opportunity.

We have been reconciling our account with the Purchaser in respect of licence fees received, payments to landlords and any surplus funds that may be returned to the Purchaser. However, this exercise will need to be completed in the liquidation once the final properties have been dealt with and confirmations from landlords have been received.

Book debts and deferred consideration

Debts owed to the Company by its customers were acquired (and are being collected) by the Purchaser; a strategy which was expected to maximise recoveries for creditors. The deferred consideration payable by the Purchaser is calculated with reference to the level of book debt recoveries, meaning the amount collected will directly impact the outcome for creditors.

We have supported the Purchaser in the collection of disputed amounts. We have also monitored the process to ensure that the strategy has remained appropriate and that amounts being received have been accurately reconciled and apportioned between the Company and the Purchaser. The level of complexity in this task has been much higher than anticipated due to significant 'mixing' of pre and post administration cash receipts within and across a number of bank accounts.

Book debts of £110k have been collected during the period since my last report giving £16.5k of deferred consideration. In total, £17.9m of book debts have been collected, generating a total of £8.9m in deferred consideration. The debts received in this period have largely been received directly into an account held with the secured creditor with allocations made to the Purchaser as appropriate. Other bank accounts have been closed as appropriate during the period. The deferred consideration will be utilised to settle the outstanding debt to the secured creditor and to repay the funds it advanced to cover the employee costs as part of the sale.

The transactions in relation to the book debts and deferred consideration do not therefore form part of our receipts and payments account. Once the surplus funds are received from the secured creditor, they will form part of the receipts and payments account in the liquidation.

As previously reported, the level of book debt realisations have exceeded the expectations we set out in our proposals, and we expect to receive confirmation that the secured creditor has recovered its debt in full, with sufficient residual funds (after costs) now available to enable a small dividend to be paid to unsecured creditors in the liquidation.

The level of deferred consideration being received has reduced significantly. Therefore we anticipate that the debt collection account with the secured creditor will be closed shortly, as the ongoing costs of monitoring the account were close to becoming disproportionate to the benefit for creditors. The Purchaser will have to account to the liquidators for any future deferred consideration payable.

Other issues

Since we last wrote to creditors, we've received a number of requests from the Purchaser for funds they claim are due as part of the SPA but which were not expected at this late stage. We have been investigating these matters, with the support of our solicitors who worked on the SPA, and we're continuing to liaise with the Purchaser to obtain further information. However this work will not be concluded until after the Company has moved into liquidation..

Approval of our proposals

We issued to creditors our proposals dated 6 December 2018 for achieving the purpose of administration.

We said in our proposals that we thought the Company did not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part. That meant that we did not have to seek a decision from creditors regarding the approval of proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were treated as approved on 20 December 2018.

Changes to our proposals

As you may be aware, it was recently necessary to request creditors to approve an amendment to the proposals due to a change of administrator. Approval was given and we attach a summary of our revised proposals at Appendix A.

Investigations and actions

Nothing came to our attention during the period to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods. As liquidators we will continue to file the relevant returns and we'll liaise with HMRC at the appropriate time to obtain the necessary clearances.

Realisation of other assets

We've received bank interest of £1,656 during the period covered by this report.

We have also received £13,359 in relation to sums due for a pre-appointment debt which was not included in the SPA with the Purchaser.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 30 November 2018 to 13 March 2020.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred during the administration.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course in the following liquidation, because amounts due will depend on the position at the end of the tax accounting period.

Any outstanding expenses will be settled from administration funds transferred to the liquidation.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case. The secured creditor and unsecured creditors approved the basis of our fees and the fees estimate set out in our Remuneration Report dated 6 March 2019, for our work in the administration.

After issuing our Remuneration Report, we performed work that was not envisaged at that time, specifically in relation to the sale of tax losses (explained in detail in our previous report) and additional work in managing the property portfolio and debtor collection account, the costs of which we believe are payable by the Purchaser.

In our previous progress report we sought consent from creditors in respect of two further resolutions relating to our remuneration for the above additional areas of work. The creditors' decision deadline ended on 13 January 2020 and the decision was duly approved by the requisite majority of creditors.

The fee structure agreed with creditors will continue to apply in the liquidation, such that we will need to report to the creditors at the appropriate time once the Company is in liquidation, with a further proposal on our remuneration for dealing with matters arising in the liquidation, since these were also not envisaged at the time of issuing our Remuneration Report.

Pre-administration costs

We refer you to our proposals for details of the work performed that gave rise to pre-administration costs. At the time of our appointment, an amount of £63,162 remained unpaid.

On 11 March 2019, the secured creditor agreed that these costs could be paid as an expense of the administration. Similar to our remuneration for acting as joint administrators, we subsequently asked the unsecured creditors to ratify the decision of the secured creditor. The unsecured creditors gave their consent through a decision procedure which ended on 12 July 2019.

The amount of £63,162 plus VAT has been drawn in accordance with the approval given.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning Harpreet Panesar on 0113 289 4729.

Our work in the liquidation

The following is a summary of the key areas of work we expect to do in the liquidation:

- Investigate and resolve claims received from the Purchaser in connection with the transfer of the business and apportionment of costs;
- Liaising with the secured creditor for the release of surplus funds to the Company;
- Closure of the debt collection account, final reconciliation and ongoing liaison with the Purchaser regarding future book debt collections and receipt of any deferred consideration due to the Company;
- Disclaiming any remaining property leases and final reconciliation of the LtO funding position;
- Connected to the LtO outcome, a review to ensure VAT has been accounted for correctly;
- Liaising with the CVA Trustee on his work to agree the claims of unsecured creditors, in order to avoid any duplication by the joint liquidators;
- Agreeing the claims of the unsecured creditors and paying the dividend; and
- Fulfilling our ongoing statutory and regulatory obligations as joint liquidators.

The next report to creditors will be the first progress report in the liquidation which will be circulated by the liquidators in approximately 14 months time.

If you've got any questions, please get in touch with Harpreet Panesar on 0113 289 4729.

Yours faithfully
For and on behalf of the Company



Zelf Hussain
Joint administrator

Appendix A: Summary of our revised proposals

The Administrators made the following proposals for achieving the purpose of administration.

- a) We're following objective (b) for the purpose of the administration, which is to achieve a better result for the Company's creditors as a whole than would be likely if the Companies were wound up (without first being in administration).

We believe that this objective will be achieved as a result of the sale of the business and assets to the Purchaser, principally through a significantly improved outcome for the Secured Creditor. The outcome for other classes of creditors has also been improved, by virtue of minimising losses (and therefore claims), including as a result of the transfer of employees and likely transfer of property leases.

- b) We're not seeking a decision from the creditors to approve our proposals because we think the Company doesn't have enough assets to pay a dividend to unsecured creditors.

So, our proposals will be treated as approved unless enough creditors ask us to seek a decision to approve them. This would happen if at least 10% in value of the total creditors ask us to do so (in line with Rule 15.18 IR16) within eight business days of the date we deliver the proposals to you.

- c) One of our duties is to look at the actions of anybody who has been a director of the Company in the three years before our appointment. We have to submit our findings to BEIS within three months of our appointment.

We also have to decide whether any action should be taken against anyone to recover or contribute to the Company's assets. If you think there is something we should know about and you haven't yet told us, please write to us. This is part of our normal work and doesn't necessarily imply any criticism of the directors' actions.

- d) As we've said above, we don't think there will be any dividend for unsecured creditors. Assuming that's the case, once we've finished our work we'll file a notice with the Registrar of Companies and the Company will be dissolved three months later.

But if we think that there are matters that should be conducted or investigated in a liquidation rather than in the administration because, for example, of the additional powers available to liquidators (or if it's more cost effective to do so), we may instead apply for a court order ending the administration and for the Company to be wound up.

- e) In the unlikely event that a dividend other than a prescribed part is available for distribution, once we've finished our work, we'll put the Company into creditors' voluntary liquidation so that the liquidator can pay the dividend. If this happens, we propose that Anthony Steven Barrell and Zelf Hussain are appointed as joint liquidators and that any act required or authorised to be done by the joint liquidators can be done by either or both of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidator(s), in accordance with Paragraph 83(7)(a) of Sch B1 IA86 and Rule 3.60(6) IR16.

As you'll be aware, in our last report we proposed a revision to our proposals which was approved by creditors on 13 January 2020. As such, paragraph (e) above was replaced with the following:

- e) In the unlikely event that a dividend other than a prescribed part is available for distribution, once we've finished our work, we'll put the Company into creditors' voluntary liquidation so that the liquidator can pay the dividend. If this happens, we propose that Zelf Hussain and David Matthew Hammond are appointed as joint liquidators and that any act required or authorised to be done by the joint liquidators can be done by either or both of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidator(s), in accordance with Paragraph 83(7)(a) of Sch B1 IA86 and Rule 3.60(6) IR16.

Appendix B: Receipts and payments

Statement of Affairs (£)	Total for the period 30 November 2018 to 29 November 2019 (£)	Total for the period 30 November 2019 to 13 March 2020 (£)	Total for the period 30 November 2018 to 13 March 2020 (£)
Floating charge receipts			
	58,750.00	-	58,750.00
	4,711,920.56	-	4,711,920.56
13,569,782	-	-	-
708,448	605,442.04	-	605,442.04
22,173	94,968.64	13,358.52	108,327.16
	34,390.62	-	34,390.62
	831,744.15	-	831,744.15
	5,621.28	2,161.27	7,782.55
	667,074.94	-	667,074.94
99,195	10.00	-	10.00
14,399,598	7,009,922.23	15,519.79	7,025,442.02
Floating charge payments			
	127,125.12	-	127,125.12
	31,250.00	-	31,250.00
	63,162.00	-	63,162.00
	716,434.50	-	716,434.50
	4,961.79	-	4,961.79
	3,244.31	1015.93	4,260.24
	73,148.03	14,950.25	88,098.28
	147,599.86	15.00	147,614.86
	75.00	-	75.00
*	654,487.47	9,341.44	663,828.91
	150.00	256.80	406.80
	17,672.00	-	17,672.00
	2,802,407.99	-	2,802,407.99
	806,086.71	1666.67	807,753.38
	247,403.29	-	247,403.29
	165.00	-	165.00
	5,695,373.07	27,246.09	5,722,619.16
Distributions			
2,044,821	35,863.05	-	35,863.05
5,175,128	-	-	-
58,451,946	-	-	-
	123,915.18	4,236.57	128,151.75
(51,272,297)	1,154,770.93	(15,962.87)	1,138,808.06

Notes:

All transactions exclude VAT where applicable unless marked by *
The funding from the secured creditor is repayable

Appendix C: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and exclude distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense in the subsequent liquidation because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix B, which shows expenses actually paid during the period and the total paid to date.

	Brought forward £	Incurred in the period £	Total £	Initial estimate £	Variance £
Agent's fees and disbursements (CAPA)	3,244.31	639.61	3,883.92	-	3,883.92
Bank Charges	165.00	-	165.00	700.00	(535.00)
Subcontractor costs and expenses	247,403.29	-	247,403.29	493,000.00	(245,596.71)
Employee related costs	127,125.12	-	127,125.12	500,000.00	(372,874.88)
Wages and salaries	2,780,124.65	-	2,780,124.65	2,788,000.00	(7,875.35)
PAYE, National Insurance and Pensions	806,086.71	1,666.67	807,753.38	1,019,000.00	(211,246.62)
Insurance	21,480.00	-	21,480.00	28,000.00	(6,520.00)
Intercompany administrative fees	31,250.00	-	31,250.00	31,000.00	250.00
Legal fees and expenses (Pinsents)	142,513.65	13,609.40	156,123.05	150,000.00	6,123.05
Office holders' Disbursements	9,911.79	-	9,911.79	11,000.00	(1,088.21)
Office holders' fees	1,257,086.00	-	1,257,086.00	1,108,000.00	149,086.00
Pre-administration costs	63,162.00	-	63,162.00	63,000.00	162.00
Statutory advertisement	152	-	152.00	200.00	(48.00)
Irrecoverable VAT	215,723.69	15.00	215,738.69	279,000.00	(63,261.31)
Sundry property expenses	150	256.80	406.80	-	406.80
Total	5,705,578.21	16,187.48	5,721,765.69	6,470,900.00	(749,134.31)

Appendix D: Remuneration update

Basis of fees approved

We set out in the timeline below a summary of how our remuneration has been approved during the administration.

6 December 2018	In our proposals we stated that because we thought the Company wouldn't have enough assets to pay a dividend to unsecured creditors, approval for the basis of our fees would only be required from the secured creditor.
6 March 2019	Our Remuneration Report was issued on 6 March 2019 and can be found on our website at www.pwc.co.uk/alliedhealthcare . This had to be made available to all creditors prior to the secured creditor approving the basis of our fees. The Remuneration Report showed expected time costs of £1.108m (our "fees estimate") for dealing with known and expected matters in the administration.
11 March 2019	The secured creditor agreed to the time cost basis of our fees and the fees estimate, subject to us also obtaining consent of the unsecured creditors in respect of time costs incurred after this date. Fees for time incurred to 11 March 2019 were drawn on 25 June 2019 in the sum of £716,434.50 (plus VAT). This left £391,565.50 of the fees estimate remaining.
25 June 2019	<p>In our first progress report, we asked creditors to ratify the above fee basis, specifically that our remuneration would be based on time costs incurred and be subject to the fees estimate (cap) of £1.108m. The creditors' decision deadline ended on 16 July 2019 and the decision was duly approved by the requisite majority of creditors.</p> <p>The purpose of seeking consent from the unsecured creditors was to acknowledge and protect their potential economic interest in the administration, in the increasingly likely circumstances that the secured creditor would be repaid in full and a small dividend for unsecured creditors could be available.</p>
18 December 2019	<p>In our previous progress report we sought consent from creditors in respect of two further resolutions relating to our remuneration. Specifically, that the Administrators' fees for work performed in the sale of the tax losses be determined as a set fee of £12,000 plus VAT, and that the Administrators' fees for Property and Debtor Work (as defined in our previous report) be determined as a percentage of realisations – specifically, 100% of the VAT exclusive amount invoiced by the Company and received from the Purchaser of the business and assets; plus VAT.</p> <p>The creditors' decision deadline ended on 13 January 2020 and the decision was duly approved by the requisite majority of creditors.</p>

Fees for time incurred to 13 March 2020, limited to the fees estimate detailed above, plus the set fee for the tax loss work, will be drawn in the liquidation in the sum of £403,565.50 (plus VAT).

As we are proceeding on the basis that a dividend for unsecured creditors will be available, all future consents required in relation to remuneration will be put to the unsecured creditors and (until it no longer becomes necessary) the secured creditor.

In summary, our remuneration for acting as joint administrators is as follows:

Fee basis	Amount £'000
Set fee for the sale of tax losses	12
Percentage of realisations fee for Property and Debtor Work (funded by the Purchaser)*	154
Time costs for all other work (as previously approved by creditors)	1,108
Total fees	1,277

** this is an estimate only, pending a final assessment of the costs and receiving payment from the Purchaser. Any changes to this figure will not affect the other fee amounts.*

Liquidators' remuneration

As we've said previously, once the Company is in liquidation we are intending to put a further proposal to creditors regarding the joint liquidators' remuneration at the appropriate future time. We'll liaise with the trustee of the CVA fund to understand the anticipated timing of a distribution to creditors from the CVA fund and understand the manner in which the trustee will agree creditors' claims, in order that we can avoid any duplication of work and therefore costs.

The fee bases approved by creditors in the administration will carry forward into the liquidation. Therefore, in accordance with insolvency legislation, the agreement of the liquidators' remuneration is likely to include seeking approval to exceed the fees estimate set out above.

Our hours and average rates in the period

As shown in the table below, in the period we incurred 319.90 hours in dealing with the matters explained in this report, at an average hourly rate of £329.17, giving a cost of £105k. Please note that this represents all our work and therefore includes the time incurred in the sale of the tax loss and dealing with the property portfolio (and other amounts believed to be recoverable from the Purchaser). Therefore the table below does not necessarily reflect how much we will eventually draw as fees for this period.

Work Type Group	Partner	Senior Manager	Manager	Senior Associate	Associate	Other	Grand Total	Total Cost (£)	Average Hourly Rate (£)
Accounting & Treasury	0.90		3.95	3.60		14.05	22.50	5,847	259.84
Assets	0.15		40.50	25.40		23.65	89.70	27,343	304.82
Creditors			2.80	1.00		4.25	8.05	2,034	252.67
Employees & Pensions		1.55	1.15	1.55			4.25	2,125	499.88
Secured Creditors		1.00	10.40				11.40	4,729	414.82
Statutory & Compliance	5.00	8.40	25.65	0.80		64.10	103.95	32,820	315.73
Strategy & Planning		5.55	6.20	2.00		2.05	15.80	6,265	396.52
Tax & VAT		8.55	3.15	25.95		26.60	64.25	24,139	375.70
Grand Total	5.00	26.10	93.80	60.30	134.70		319.90	105,300	329.17

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

The following table shows the cumulative hours and cost for the period to 13 March 2020. It then compares the estimated final outcome against the fees estimate approved by creditors. Please note that this only relates to the administration process and does not include any estimate for the costs of dealing with the subsequent liquidation.

Work Type Group	Total Hrs	Total Cost (£)	Initial Fee Estimate (£)	Variance (£)
Accounting & Treasury	607	160,991	111,183	49,808
Assets	1,949	527,196	406,838	120,358
Creditors	270	69,340	62,842	6,498
Employees & Pensions	140	47,720	83,786	(36,066)
Investigations	46	12,614	35,659	(23,045)
Secured Creditors	88	38,612	42,489	(3,877)
Statutory & Compliance	713	270,816	181,006	89,810
Strategy & Planning	170	53,157	98,901	(45,744)
Tax & VAT	405	162,454	85,027	77,427
Total	4,387.60	1,342,900	1,107,731	235,169

As shown in the above table, our time costs exceeded our initial estimate. The key reasons for this are detailed in our previous reports, which covered the periods in which the greatest proportion of our work was completed.

The extent to which we exceeded the fees estimate was (in part) also determined by the costs incurred from 30 November 2019 until 13 March 2020.

We are not seeking further approval to exceed the fees estimate as this time. As mentioned above, a request to exceed the fees estimate (which carries over into the liquidation) is likely to be necessary in the liquidation as part of determining how the joint liquidators will be remunerated.

Our time charging policy and hourly rates

We and our team charged our time for the work we needed to do in the administration. We delegated tasks to suitable grades of staff, taking into account their experience and any specialist knowledge needed and we supervised them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility was handled by our senior staff or us.

All of our staff who worked on the administration (including our cashiers, support and secretarial staff) charged time directly to the case and were included in any analysis of time charged. Each grade of staff has an hourly charge out rate which was reviewed from time to time. Work carried out by our cashiers, support and secretarial staff was charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time has been charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 hours). We didn't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration. We called on colleagues in our Tax, VAT, Real Estate and Pensions departments where we needed their expert advice. Their specialist charge-out rates varied but the following were the maximum rates by grade per hour.

Grade	Business Restructuring Services		Specialist teams	
	Up to 30 June 2019 £/hour	From 1 July 2019 £/hour	Up to 30 June 2019 £/hour	From 1 July 2019 £/hour
Partner	890	910	1,315	1,520
Director	540	595	1,210	1,465
Senior Manager	465	515	1,230	1,290
Manager	365	405	735	775
Senior Associate/Consultant	275	310	545	575
Associate/Assistant Consultant	180	210	270	305
Support Staff	95	120	160	250

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have not made any payments to associates during the course of the administration.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Area of work	General description	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Accounting and treasury	Accounting and treasury	<ul style="list-style-type: none"> Processed receipts, payments and journals. Conducted regular bank reconciliations. Monitored incoming receipts to make corresponding payments to Purchaser. Maintained detailed schedules for monthly rental payments and other transactions. Set up new payees and independently verified the payment details with them. Corresponded with bank regarding specific transfers. 	<ul style="list-style-type: none"> To comply with statutory obligations. To ensure secure stewardship of funds. To facilitate the payment of rent to landlords.
Assets	Property	<ul style="list-style-type: none"> Calculated costs and issued invoice for property related work recharged to Purchaser. Made payments to landlords. Liaised with the Purchaser regarding rent payment queries. Liaised with landlords and responded to queries. Sought legal advice on property matters. Liaised with landlords in relation to lease assignments and surrender of leases. 	<ul style="list-style-type: none"> This work is connected to the transfer of the business and property to the Purchaser, on terms agreed in the SPA and LtOs.
	Debtors/deferred consideration	<ul style="list-style-type: none"> Secured and reconciled funds received across various bank accounts. Reviewed and assessed debtor ledgers. Reviewed allocation of receipts to customer accounts. Liaised with Purchaser accounts team regarding disputed accounts. Liaised with secured creditor regarding debtor ledgers. Reviewed and approved credit notes and adjustments to invoices. Liaised with Purchaser with a view to bringing the reconciliation exercise to a conclusion. 	<ul style="list-style-type: none"> This represents the key area of recoveries for creditors and our work has a direct financial benefit for the administration.
	Insurance	<ul style="list-style-type: none"> Liaised with insurers regarding ongoing insurance requirements. 	<ul style="list-style-type: none"> Required by statute.
Creditors	Creditor enquiries	<ul style="list-style-type: none"> Maintained and updated our dedicated website. Received and followed up creditor enquiries via telephone, email and post. Reviewed and prepared correspondence to creditors and their representatives. 	<ul style="list-style-type: none"> Update creditors and keep them informed of case progression. Preparation for return of funds for creditors.
	Unsecured claims	<ul style="list-style-type: none"> Received proofs of debt and maintained up to date register of claims received and creditor contact details. 	<ul style="list-style-type: none"> Preparation for return of funds for creditors.
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> Received and followed up employee enquiry via email. 	<ul style="list-style-type: none"> To comply with statutory obligations.

Area of work	General description	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
	Other employee matters	<ul style="list-style-type: none"> Reviewed correspondence from the Employment Tribunal and Claimants representatives. 	<ul style="list-style-type: none"> Managing the Company's affairs and provision of information for tribunal matters
	Pensions	<ul style="list-style-type: none"> Dealt with pre-appointment pensions query 	<ul style="list-style-type: none"> To comply with statutory obligations.
Secured creditors	Secured creditors	<ul style="list-style-type: none"> Responded to secured creditor's queries. Liaised with secured creditor to provide ad-hoc informal updates as necessary. 	<ul style="list-style-type: none"> To keep the secured creditor apprised of the position regarding recovery of its debt.
Statutory and compliance	Remuneration	<ul style="list-style-type: none"> Sought and obtained approval for further remuneration 	<ul style="list-style-type: none"> To comply with statutory obligations.
	Progress reports	<ul style="list-style-type: none"> Finalised and issued joint administrators' second progress report. Prepared joint administrators' final progress report. 	<ul style="list-style-type: none"> To comply with statutory and regulatory obligations.
	Other statutory and compliance	<ul style="list-style-type: none"> Filed documents with the Registrar. Updated checklists and diary management system. Prepared necessary documentation in readiness for move to liquidation. 	<ul style="list-style-type: none"> To comply with statutory and regulatory obligations.
Strategy and planning	Strategy and planning	<ul style="list-style-type: none"> Held regular team meetings and discussed status and progress of administration and potential exit routes. Conducted regular reviews of the file to assess case strategy and progress. Prepared and implemented a closure strategy to bring administration to an end. 	<ul style="list-style-type: none"> To ensure orderly management and progression of the case and comply with statutory obligations.
Tax and VAT	Tax	<ul style="list-style-type: none"> Followed up discussions with group company regarding the sale of the Company's available tax losses. Liaised with HMRC. 	<ul style="list-style-type: none"> Required by statute.
	VAT	<ul style="list-style-type: none"> Maintained and updated detailed schedules of property VAT invoices included in VAT returns. Prepared and submitted fourth VAT return. Liaised with HMRC. 	<ul style="list-style-type: none"> To comply with statutory and regulatory obligations.

Disbursements

We didn't need to get approval to draw expenses or disbursements unless they were for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called 'Category 2' disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allowed for all properly incurred expenses to be recharged to the administration and has been approved by the secured creditor and unsecured creditors where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred (£)
2	Photocopying – at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying	-
2	Mileage – At a maximum of 73 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc)	-
1	Couriers & Postage	17.83
Total		17.83

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

We have not subcontracted any work in the administration, except for the recovery of rates refunds as noted below.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: <ul style="list-style-type: none"> Appointment related matters; Advice on ROT claims; Property; Sale of tax losses; and Sale of business contracts. 	<ul style="list-style-type: none"> Pinsent Mason 	<ul style="list-style-type: none"> Industry knowledge 	<ul style="list-style-type: none"> Time costs and disbursements
Agents - rates refund	<ul style="list-style-type: none"> CAPA 	<ul style="list-style-type: none"> Industry knowledge 	<ul style="list-style-type: none"> Percentage of realisations
Insurance related matters	<ul style="list-style-type: none"> JLT 	<ul style="list-style-type: none"> Industry knowledge 	<ul style="list-style-type: none"> Fixed Fee

Appendix E: Other information

Court details for the administration:	In the High Court of Justice, Business and Property Court in Leeds, Company and Insolvency List (ChD) Court reference: 1219 of 2018
Company's registered name:	Nestor Primecare Services Limited
Trading name:	Allied Healthcare
Registered number:	01963820
Date of the joint administrators' appointment:	30 November 2018
Joint administrators' names, addresses and contact details:	<p>Anthony Steven Barrell of PricewaterhouseCoopers LLP. Donington Court, Pegasus Business Park, Castle Donington, East Midlands, DE74 2UZ and Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT until 10 May 2019.</p> <p>Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT and David Matthew Hammond of PricewaterhouseCoopers LLP, One Chamberlain Square, Birmingham, B3 3AX from 10 May 2019.</p> <p>Contact: Harpreet Panesar on 0113 289 4729</p>
Extension(s) to the initial period of appointment:	On 15 October 2019, the secured creditor consented to a 12-month extension to the period of the administration to 29 November 2020.



For further information, please refer to our guidance at www.gov.uk/companieshouse

1 Company details

Company number 0 1 9 6 3 8 2 0

Company name in full Nestor Primecare Services Limited

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

2 Court details

Court name High Court of Justice, Business and Property Court in Leeds

Company and Insolvency List (ChD)

Court case number 1 2 1 9 o f 2 0 1 8

3 Administrator's name

Full forename(s) Zelf

Surname Hussain

4 Administrator's address

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

AM22

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5 Administrator's name ¹

Full forename(s)	David Matthew
Surname	Hammond

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

6 Administrator's address ²

Building name/number	One
Street	Chamberlain Square
Post town	Birmingham
County/Region	
Postcode	B 3 3 A X
Country	United Kingdom

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

7 Appointor/applicant's name

	Give the name of the person who made the appointment or the administration application.
Full forename(s)	The directors of Nestor Primecare Services Limited
Surname	

8 Proposed liquidator's name

Full forename(s)	Zelf
Surname	Hussain
Insolvency practitioner number	9 4 3 5

9 Proposed liquidator's address

Building name/number	7
Street	More London Riverside
Post town	London
County/Region	
Postcode	S E 1 2 R T
Country	United Kingdom

AM22

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10 Proposed liquidator's name^①

Full forename(s)	David Matthew
Surname	Hammond
Insolvency practitioner number	9 3 5 5

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

11 Proposed liquidator's address^②

Building name/number	One
Street	Chamberlain Square
Post town	Birmingham
County/Region	
Postcode	B 3 3 A X
Country	United Kingdom

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


12 Period of progress report

From date	^d 3 ^d 0	^m 1 ^m 1	^y 2 ^y 0	^y 1 ^y 9
To date	^d 1 ^d 3	^m 0 ^m 3	^y 2 ^y 0	^y 2 ^y 0

13 Final progress report

I have attached a copy of the final progress report.

14 Sign and date

Administrator's signature	Signature X  X			
Signature date	^d 1 ^d 9	^m 0 ^m 3	^y 2 ^y 0	^y 2 ^y 0

AM22

Notice of move from administration to creditors' voluntary liquidation



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 James Moran

Company name PricewaterhouseCoopers LLP

Address Central Square

29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country United Kingdom

DX

Telephone 0113 289 4067



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

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