

The Insolvency Act 1986

# **Notice of move from administration to creditors' voluntary liquidation**

Name of Company  
Abacus Childcare Providers Limited

Company number  
4104500

In the  
High Court of Justice

Court case number  
2093 of 2008

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

We Paul Bailey and Tommaso Ahmad, both of Bailey Ahmad, 257b Croydon Road, Beckenham, Kent BR3 3PS

(b) Insert name and address  
of registered office of  
company

10 April 2008 by order of the High Court of Justice

hereby give notice that:

(c) Insert date of  
appointment

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(d) Insert name of applicant /  
appointor

and it is proposed that Paul Bailey and Tommaso Ahmad, both of Bailey Ahmad, 257b Croydon Road, Beckenham, Kent BR3 3PS

will be the liquidator(s) of the company (IP No(s) 9428 and 9475)

We attach a copy of the final progress report.

(e) Insert name(s) and  
address(es) of liquidator(s)

Signed

Joint Administrator(s)

Dated 11 DECEMBER 2008

## **Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if necessary.



\*AUG8R60P\*

A06 27/12/2008 75

COMPANIES HOUSE

A34 12/12/2008 400

COMPANIES HOUSE

Bailey Ahmad Limited

257b Croydon Road

Beckenham, Kent BR3 3PS

Tel 020 8325 2700

DX Number

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

SATURDAY

**JOINT ADMINISTRATORS'  
FINAL REPORT TO CREDITORS PURSUANT TO RULE 2.110  
OF THE INSOLVENCY RULES 1986**

**ABACUS CHILDCARE PROVIDERS LIMITED – IN ADMINISTRATION**

**HIGH COURT OF JUSTICE**

**NO. 2093 OF 2008**

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## **1. Glossary**

Joint Administrators: Paul Bailey and Tommaso Ahmad of Bailey Ahmad Limited Limited, 257b Croydon Road, Beckenham, Kent BR3 3PS

Company: Abacus Childcare Providers Limited

Registered Office: 257b Croydon Road, Beckenham, Kent BR3 3PS

Registration number 4104500

The Appointers: Abacus Childcare Providers Limited ("the Company") entered Administration on 10 April 2008 pursuant to an Order made by the High Court of Justice on presentation of an application made by the Company, number 2093 of 2008.

## **2. Introduction**

Further to the Joint Administrators' report and proposals dated 30 May 2008, I write to provide you with our final report on the outcome of the Administration in accordance with Rule 2.110 of the Insolvency Rules 1986 (as amended). This report includes certain information required to be provided to creditors in accordance with the Rules.

As you are aware, Paul Bailey and Tommaso Ahmad were appointed Joint Administrators of Abacus Childcare Providers Limited ("the Company") on 10 April 2008 pursuant to an Order made by the High Court of Justice on presentation of an application by the Company, in accordance with Paragraph 13 of Schedule B1 of the Insolvency Act 1986.

All acts and functions are being exercised by the Joint Administrators jointly.

The proceedings are conducted in the High Court of Justice under case reference 2093 of 2008.

This report should be read in conjunction with our statement of proposals dated 30 May 2008.

## **3. The Joint Administrators' Proposals**

The Joint Administrators' Proposals were issued in my report of 30 May 2008, a copy of which is before the Court.

The creditors meeting was held on 18 June 2008 and the Administrator's proposals were approved with modifications at that meeting. Notice of the results of the creditors meeting was circulated to all known members and creditors on 27 June 2008.

## **4. Receipts and Payments**

I attach as Appendix A to this report a summary of the trading receipts and payments account for the period 10 April 2008 to 23 April 2008, which you will note shows a trading loss after taking into account monies introduced by Carol Payne, Theresa Staunton and Abacus Childcare Settings Limited. This residual loss has been suffered by Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited for the benefit of the Company and its creditors.

I also attach at Appendix B a Final Administration Receipts & Payments Account for the period 10 April 2008 to date showing a surplus of £4,337.67 which will be held at the point at which the Company proceeds to liquidation.

## **5. Progress of the Administration**

Despite numerous requests the Company's directors have failed to submit to us a statement of the Company's affairs as at the date of our appointment as Joint Administrators on 10 April 2008. Accordingly, for the purpose of this report I shall rely on the information provided by Carole Payne, a director of the Company, which formed the basis of our independent report to Court in support of the Administration application.

The outcome statement at 3 April 2008 which was appended to our independent report to Court and our proposal to creditors dated 30 May 2008 showed estimated realisations of £70,040. For the purpose of our proposals to creditors, anticipated recoveries were adjusted to £73,368 after taking into account uncertainties surrounding a possible trading surplus.

In accordance with our receipts and payments account attached at appendix A, we confirm the following in relation to administration asset realisations:

### **Sale of business and assets:**

There is no further information to report other than that already detailed in our proposal to creditors dated 30 May 2008.

### **Reconciliation of trading cashbook:**

As detailed in our proposal to creditors, following advice received from Bailey Ahmad Limited (BAL) in January 2008 that no further payments should be made or authorised to existing creditors, and that ongoing trading costs should be funded on a cash basis from ongoing receipts, Carole Payne and Theresa Staunton injected some £20,000 of personal monies to fund any short term cash flow deficit.

These monies were paid into a new partnership account with Lloyds TSB Bank plc, in the Company's name, but with only Carole Payne and Theresa Staunton as signatories. This was fundamental to the Company's ongoing ability to trade as its bank account, held with HSBC Bank plc, was frozen on presentation of the winding-up petition by HM Revenue & Customs.

A summary of Company's trading income and expenditure following the opening of partnership account in February 2008 by Carole Payne and Theresa Staunton in the period leading up to administration, together with the administration trading period, is attached at Appendix A.

Creditors will note that after taking into account contributions totaling £38,083 from Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited there is an overall trading loss of £208, before taking into account the costs of the administration for the period 21 February 2008 to 23 April 2008.

Whilst the losses were unanticipated, these have been absorbed by Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited enabling a going concern sale of the Company's business for the benefit of the Company and its creditors. Accordingly, whilst there has been a significant delay in receiving outstanding CAP funding attributable to the trading period covered by the statement, this has been utilised to contribute to the trading loss suffered by Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited. After taking into account a further sum due for the administration trading period totaling £3,178, this will leave a remaining net loss to Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited of £18,893 which has ensured that all administration trading expenditure (excluding the Joint Administrators fees and expenses) have been settled without the need to make a deduction from other asset realisations. The Joint Administrators are of the opinion this is in the spirit of their proposal which has been approved by creditors.

The contributions made by Carole Payne, Theresa Staunton and Abacus Childcare Settings Limited were

key to the success to the Administration and enabled the Joint Administrators to seek a sale of the Company's business and assets as a going concern which has resulted in the following:

1. Ensuring the ongoing provision of childcare services in the local area
2. The safeguarding to employee jobs and removal of employee claims
3. Achieving a better outcome as a whole for the Company's creditors than would be likely if the Company were wound up.

**Determination and recovery of directors' loan accounts and illegal dividends:**

The Company's former accountants, GBJ LLP, have confirmed following a review of the trading records that the following loan accounts remain outstanding:

	£
C Flynn	12,075
V Brown	<u>18,727</u>
	<u>30,802</u>

In addition, they have identified that £3,843 remains outstanding from C Payne, C Flynn and V Brown in partnership.

It is proposed that these balances will be pursued following the ending of the administration by the proposed liquidators.

**Debt due from Croydon Council:**

After some delay, Carole Payne and Theresa Staunton have achieved a recovery of the full balance outstanding from Croydon Council in relation to outstanding CAP funding in the sum of £22,368.

This recovery was eventually made on 12 September 2008 which has contributed to the delay in finalising this administration and since that time there has been a further receipt of £1,719.53.

**6. Creditors**

As at 3 April 2008, creditors were estimated at £79,481, after a deduction of £64,000 of an estimated loan account due to Carole Payne. This was based upon information provided by the Company for the purpose the independent report in support of the administration application.

GBJ LLP have since confirmed, following a reconciliation of the Company's records, that the balance due to Carole Payne as at 10 April 2008 totals £41,406.

Regrettably, despite numerous requests, I have not received a completed statement of the Company's affairs as at 10 April 2008 from any of the Company's directors in the relevant format for filing at Companies House.

I can confirm that £71,865 of creditors have submitted a claim in the administration to date. I have also been advised by Theresa Staunton that of the £156,438 of unsecured creditors detailed in the company's estimated statement of affairs as at 3 April 2008, £14,503 are no longer creditors as they have been settled by Theresa Staunton and Carole Payne as they were was key to the ongoing trading of Abacus Childcare Settings Limited.

## **7. Joint Administrators' remuneration and expenses**

The creditors resolved at the creditors' meeting held on 18 July 2008 that the Joint Administrators' remuneration be based on the time properly incurred by the Administrators and their staff in carrying out their functions. The Administrators were further authorised to draw those fees from the funds under their control.

At Appendix C to this report I attach details of the time expended to date, as required by the Statement of Insolvency Practice 9.

You will note that the Joint Administrators have incurred time costs to date of £20,538, and I can confirm that £20,000 plus VAT has been drawn in accordance with the creditors' resolution.

Creditors will note that our proposal to creditors estimated total Joint Administrator's fees at £15,257 (including VAT). The material increase has been primarily due to delays and in the provision of information from Carole Payne and Theresa Staunton. Whilst the information necessary to conclude the administration was eventually forthcoming, the additional time expended in attempts to obtain the necessary information, which included numerous correspondence, meetings, telephone calls and visits to the Company's former premises has had a material impact on the administration costs. However, in the circumstances we propose to write off the balance of our outstanding administration time costs for the benefit of the Company and its creditors.

We have also drawn £770.09 in respect of disbursements due to our firm in respect of total recharges incurred by our firm to date.

Finally we have utilised the services of the following agents who were deemed best placed to assist the administration of the Company:

Agent	Service Provided	Basis of Remuneration
Moorhead James Solicitors	Legal advice	Time costs
GBJ LLP	Accountancy services	Fixed fee

## **8. Other matters**

During the course of the Administration, we have carried out a review of the directors' conduct and submitted a report to the Directors Disqualification Unit of the Department for Business Enterprise and Regulatory Reform, as required.

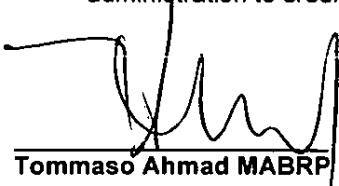
The contents of this report are confidential and cannot be divulged to creditors.

## **9. Conclusion of the Administration**

In accordance with the modifications proposed by creditors, the administration was due to complete within 3 months of the 18 July 2008.

Regrettably, despite our best efforts continued delays in the receipt of information necessary to conclude the administration from Carole Payne and Theresa Staunton following the sale of the Company's business and assets have led to a delay in the conclusion of the administration.

I enclose a copy of the notice that has been filed with the Registrar of Companies to move from administration to creditors' voluntary liquidation.



**Tommaso Ahmad MABRP ACCA**  
Joint Administrator

Licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants

The affairs, business and property of the Company are being managed by Paul Bailey and Tommaso Ahmad as Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

## APPENDIX A

### ABACUS CHILDCARE PROVIDERS LIMITED - IN ADMINISTRATION

#### TRADING RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 29 FEBRUARY 2008 TO 23 APRIL 2008

	Partnership funded trading 21 February 2008 to 9 April 2008	Administration trading period 10 April 2008 to 23 April 2008	Total
	£	£	£
<b>Income</b>			
Cash receipts (Childcare fees)	2,294	-	2,294.00
Childcare fees	49,281	1,187	50,467.10
Contribution to trading expenditure by Abacus Childcare Settings Limited	-	10,305	10,305.14
Contribution to trading expenditure by C Payne & T Staunton	-	9,777	9,777.38
Croydon Council CAP funding	22,368	3,178	25,545.78
Partner loan (C Payne)	9,000	-	9,000.00
Partner loan (T Staunton)	19,000	-	19,000.00
Sundry refund	-	205	204.61
	<u>101,943</u>	<u>24,651</u>	<u>126,594.00</u>
<b>Payments</b>			
Accountancy	114	-	113.74
Bank fee	15	-	15.00
Cash payments	2,294	-	2,294.00
Cleaning	1,513	975	2,488.40
Deposit refunds to parents	694	-	694.00
Food	-	2,952	2,951.78
HM Revenue & Customs (PAYE & NIC)	-	1,871	1,871.49
Insurance	63	993	1,056.22
IT & Equipment	732	775	1,507.70
Partner loan repayments (T Staunton)	10,000	-	10,000.00
Pre-administration fees expended for the benefit of the Company and its crew	7,875	-	7,875.00
Rates	-	255	255.50
Rent	10,010	3,966	13,976.11
Salary & pension	33,920	7,487	41,408.86
Sundry expenses	-	500	500.00
Telephone	689	-	688.61
Training	647	-	647.00
Utilities	200	308	507.67
	<u>68,638</u>	<u>20,083</u>	<u>88,849.07</u>
<b>Surplus/Deficit</b>	<b>33,305</b>	<b>4,569</b>	<b>37,873.67</b>
Less monies outstanding to C Payne & T Staunton	(18,000)	(9,777)	(27,777)
Less monies outstanding to Abacus Childcare Settings Limited	-	(10,305)	(10,305)
<b>Net surplus/deficit</b>	<b><u>15,305</u></b>	<b><u>(15,514)</u></b>	<b><u>(209)</u></b>
<b>Total monies expended by C Payne, T Staunton and Abacus Childcare Settings Limited to fund trading from 21 February 2008 to 23 April 2008</b>			<b><u>38,083</u></b>

Note: Creditors should note that the CAP funding from Croydon Council for the period 21 February 2008 to 9 April 2008 detailed above, has been set off against the funding of £38,083 provided by Carole Payne, Theresa Staunton and Abacus Childcare Settings to enable a going concern sale of the Company's business and assets for the benefit of the Company and its creditors. Even after this contribution, Carole Payne, Theresa Staunton and Abacus Childcare settings Limited will have suffered a net loss of £18,893 to ensure that other administration realisations will not be depleted to fund the unanticipated trading loss.

**Abacus Childcare Providers Limited  
(In Administration)**

**APPENDIX B**

**Joint Administrators' Abstract Of Receipts And Payments  
To 11 December 2008**

<b>RECEIPTS</b>	<b>Total (£)</b>
Croydon Council CAP Funding	24,087.53
Bank Interest Gross	35.44
Sale of Business	15,000.00
	<hr/>
	39,122.97
	<hr/>
<b>PAYMENTS</b>	
Joint Administrators' Fees	20,000.00
Joint Administrators' Expenses	770.09
Accountant's Fees	1,500.00
Legal Fees	7,110.65
Tax on Interest Received	7.08
Insurance Broker Charges	250.00
Irrecoverable VAT	5,147.48
	<hr/>
	34,785.30
Balances in Hand	4,337.67
	<hr/>
	39,122.97
	<hr/>

## APPENDIX C

### Time Entry - SIP9 Time & Cost Summary

#### Abacus Childcare Providers Limited - In Administration

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	41.1	1.5	0.0	2.3	44.9	9,557.50	212.86
Investigations	5.3	0.3	0.0	0.0	5.6	1,231.50	219.91
Trading	9.3	0.5	0.0	0.0	9.8	2,157.50	220.15
Realisation of Assets	15.9	0.3	0.0	0.0	16.2	3,616.50	223.24
Creditors	16.8	1.5	0.0	0.0	18.3	3,975.00	217.21
Case Specific Matters	0.0	0.0	0.0	0.0	0.0	0.00	0.00
<b>Total</b>	<b>88.4</b>	<b>4.1</b>	<b>0.0</b>	<b>2.3</b>	<b>94.8</b>	<b>20,538.00</b>	<b>216.65</b>

**A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**

**ENGLAND AND WALES**

**1 Introduction**

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

**2 The nature of administration**

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:

- the survival of the company and its business in whole or in part;
- the approval of a company voluntary arrangement;
- the sanctioning of a scheme under section 425 of the Companies Act 1985;
- a better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

**3 The creditors' committee**

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide such information as it may require.

**4 Fixing the administrator's fees**

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.47 of the Insolvency Rules 1986, which states that it shall be fixed either:  
as a percentage of the value of the property which the administrator has to deal with, or  
by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.47 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of

creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

## **5 What information should be provided by the administrator?**

5.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The administrator should always make available an up to date receipts and payments account. Where the fee is to be charged on a time basis the administrator should be prepared to disclose the amount of time spent on the case and the charge-out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case. Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 The payment of expenses and disbursements is not subject to approval by the committee or the creditors. However, where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the cost of facilities provided by his own firm, he should disclose those charges to the committee or the creditors when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

## **6 What if a creditor is dissatisfied?**

6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

## **7 What if the administrator is dissatisfied?**

7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

## **8 Other matters relating to fees**

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors. If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

## **9. Guide to the Fees, Expenses and Disbursements charged by Bailey Ahmad Limited**

### **9.1 Details of Insolvency Practitioners and their Licensing Bodies**

Paul Bailey and Tommaso Ahmad are both licensed Insolvency Practitioners licensed by the

Insolvency Practitioners Association of Valient House, 4-10 Heneage Lane, London EC3A 5DQ and the Association of Chartered Certified Accountants of 29 Lincoln's Inn Fields, London WC2A 3EE respectively.

## 9.2 Insolvency Practitioners Fees

Where it is agreed by resolution of the secured creditors, creditors or the creditor's committee that the office holders remuneration will be calculated by reference to the time properly arising in the administration, then such remuneration will be calculated in units of 6 minutes at the following hourly standard rates:

Grade	Hourly Standard Rate	Hourly Complex Rate
Directors	£225	£350
Managers	£130	£210
Assistants/Support Staff	£50	£90

These are our current charge out rates and exclusive of VAT. Rates are reviewed annually on 1 July each year and creditors will be advised of any increases. In cases of exceptional complexity or where there is a risk of not being paid, we reserve the right to seek authority of the secured creditors, creditor's committee or creditors generally to charge at the higher complex rate.

Where creditors so resolve, the insolvency practitioners remuneration may be calculated as a percentage of the assets realised and monies distributed to creditors or on the Official Scale in accordance with regulations currently in force.

## 9.3 Expenses and Disbursements

The payment of Category 1 disbursements will be a charge against the estate to recover the cost of the actual disbursement, including insolvency bonds, swearing fees, redirection of mail, accommodation, subsistence, company searches, hire of meeting rooms or any other miscellaneous item paid out in respect of the administration of the estate. A separate amount will be charged by way of an expense to recover the cost of Category 2 disbursements for services provided by the insolvency practitioners firm. Category 2 disbursements will include the storage of company books and records at the insolvency practitioners' own storage facility. The books and records will be stored in standard storage boxes and a storage fee of £3 per box per month will be charged. This charge covers the transportation of records from the company's premises, storage, retrieval of books and records in storage for administration purposes and the destruction of such books and records after the first anniversary of the completion of the insolvency administration. The recharge of travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate at 40p per mile. Other Category 2 disbursements such as photocopying and postage will not be recharged and has been taken into account when calculating the hourly charge out rates.