

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 0 9 1 3 1 4 9 5

Company name in full Treetops Day Care Swansea Ltd

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

2 Administrator's name

Full forename(s) Neil

Surname Maddocks

3 Administrator's address

Building name/number Orchard St Business Centre

Street 13-14 Orchard Street

Post town Bristol

County/Region

Postcode B S 1 5 E H

Country United Kingdom

4 Administrator's name ^a

Full forename(s) Rob

Surname Coad

^a **Other administrator**
Use this section to tell us about
another administrator.

5 Administrator's address ^a

Building name/number Orchard St Business Centre

Street 13-14 Orchard Street

Post town Bristol

County/Region

Postcode B S 1 5 E H

Country United Kingdom

^a **Other administrator**
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

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Statement of proposals



I attach a copy of the statement of proposals

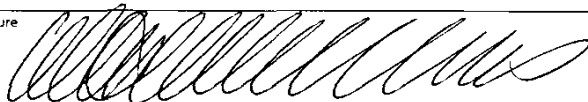
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Sign and date

Administrator's
Signature

Signature

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2018

In the Business and Property Courts of England & Wales, Chancery Division No. 5507 of 2018

Treetops Day Care Swansea Limited - In Administration

**STATEMENT OF THE JOINT ADMINISTRATORS' PROPOSALS
PURSUANT TO SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**Neil Maddocks and Rob Coad
Joint Administrators**

**South West & Wales Business Recovery
Orchard St Business Centre
13-14 Orchard Street
Bristol
BS1 5EH
0117 376 3523**

Disclaimer Notice

This Statement of Proposals has been prepared by Neil Maddocks and Rob Coad, the Joint Administrators of Treetops Day Care Swansea Ltd solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes 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.

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

Any person that chooses to rely on this document for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Statement of Proposals.

The Joint Administrators act as agent for Treetops Day Care Swansea Ltd and contract without personal liability. The appointment of the Joint Administrators is personal to them and, to the fullest extent permitted by law, South West & Wales Business Recovery does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.

All licensed Insolvency Practitioners of South West & Wales Business Recovery are licensed in the UK to act as Insolvency Practitioners.

Treetops Day Care Swansea Ltd - In Administration

Statement of Joint Administrators' Proposals Pursuant to Schedule B1 of the Insolvency Act 1986

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1. Introduction

This Proposal incorporates the Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) Schedule B1 of the Act, the purposes of which are to provide creditors with a full update as to the present position and to set out the Joint Administrators' proposals for achieving an Administration objective.

The Statement of Proposals also includes information required to be provided to creditors pursuant to the Rules. Definitions of the terms used in the Statement of Proposals are provided in Attachment I and statutory information pertaining to the Company is set out in Appendix II.

This Statement of Proposals is being delivered to creditors on 21 August 2018. The Joint Administrators think that there is insufficient property for a distribution to the unsecured creditors other than by means of the prescribed part. Consequently and in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, creditors are not being asked to decide on the Joint Administrators' proposals, although they may ask the Joint Administrators to request such a decision. Section 10 provides further details on this decision process.

2. Background to the Company and Events Leading to the Appointment of Administrators

The Joint Administrators were initially contacted by the fixed and floating chargeholder, Knox Commercial Finance Ltd ("Knox") on 26 June 2018, in order to provide advice in respect of the Company's indebtedness and the options available under the terms of the charge.

Knox had provided a secured loan in the sum of £805,000 to the Company in 2014 for the purchase of its trading premises and some refurbishment works. Both Knox and the company used the same firm of solicitors for the purchase of the property and the granting of the security. Knox obtained a professional valuation confirming that, in the opinion of the appointed firm of surveyors, the property was worth in the region of £900,000 or more, depending on development prospects. The Company was in a competitive bid process with another party and made an offer based on what Knox was prepared to loan the Company, based on the value of security to be given by way of a first fixed charge over the premises.

Subsequent to the purchase the Company considered selling the premises. An interested party made an offer for the premises which the Company decided to accept and, during the initial stages of the sale process it transpired that the premises were subject to restrictive covenants preventing development of the site in the future without the consent of the beneficiary of those covenants. The existence of the covenants was known to the solicitors prior to the purchase of the premises but not shared with the surveyors, Knox or the Company until some time after the purchase had completed. As a result of this new information the sale was lost.

The beneficiary of the covenants indicated that they were only prepared to remove the covenants on payment of the sum of £400,000. The Company instructed surveyors who, in the knowledge of the covenants, confirmed the value of the premises subject to the covenants, in 2017 was only £600,000 yet without the covenants, based on current planning prospects could be worth as much as £1,100,000.

Both Knox and the Company wished to bring claims against the solicitors for professional negligence; Knox would not have loaned so much had they been aware that their primary security was inadequate and the Company would not have offered the purchase price that it did had it been properly aware of the value of the premises and how much Knox was prepared to lend it.

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The Company instructed solicitors to intimate a claim and Knox liaised with the Company's solicitors. We are informed that Knox was told that both the Company and Knox could not make a claim so Knox agreed to allow the Company to intimate its claim and follow closely what would transpire. Knox was concerned as to the effect of this on its security and sought to negotiate an agreement that the proceeds of any claim would be paid in reduction of its charge.

Whilst these discussions were ongoing the Company's solicitors had agreed to go to mediation on their claim with the insurers for the former solicitors. Whilst Knox were aware of the mediation timetable, as the mediation approached there was still no agreement as to how any proceeds from that claim would be dealt with in the context of Knox's charge.

Knox were becoming increasingly nervous about their position and consulted this firm. Based on the advice given (which is confidential between Knox and this firm) Knox decided to appoint Neil Maddocks and Rob Coad of this firm as joint administrators.

The joint administrators had no visibility on the trading performance of the business operated by the Company and could not, therefore, make an assessment of the trading prospects. The joint administrators therefore accepted the appointment on the basis that they would not be obliged to trade the business on.

It was decided that the timing of the appointment was to be outside of business hours, when the nursery was closed, to allow the joint administrators the opportunity to attend the nursery before it next opened, close the nursery without it being occupied by children and secure the site. The solicitors acting on behalf of the proposed administrators filed a notice of appointment of administrators at Court at 21.54 on 2 July 2018.

Extracts from the accounts for the year ended 31 July 2017 and 31 July 2016 are shown below. Please note that this information has not been verified by the Joint Administrators.

	Accounts for year to 31/12/17 £	Accounts for year to 31/12/16
Turnover	242,784	216,219
Net Profit/Loss	(35,491)	(22,727)
Directors' Remuneration	-	-
Shareholders Funds	166,625	2,116
Dividends Paid	-	-

Statutory information on the Company, including details of the Directors, Company Secretary, and Shareholders is provided at Appendix II.

Neil Maddocks and Rob Coad were appointed Joint Administrators of the Company following the filing of a Notice of Appointment of Administrators by the qualifying floating chargeholder.

For creditors' general information, the EU Regulation on insolvency proceedings applies in this case, and these proceedings are the main proceedings. The Joint Administrators confirm

that they are authorised to carry out all functions, duties and powers by either one or both of them.

3. The Purpose of the Administration

The purpose of an Administration is set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely to be achieved 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.

These objectives form a hierarchy. The rescue of a company is the priority. If this is not possible, the Administrator seeks to achieve a better result for the creditors as a whole. In the event that this cannot be achieved, then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.

The Joint Administrators do not consider it possible to restructure the existing business or propose a Company Voluntary Arrangement as the Company has now ceased trading.

The second objective is normally achieved by means of a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation). The Joint Administrators would comment that given the short timescale prior to their appointment and the fact that it was necessary for the business to cease trading immediately upon the Company entering Administration, the Joint Administrators do not consider it likely that the second objective will be achieved and have therefore proceeded to objective three.

The Joint Administrators would comment that the third objective will be achieved through the sale of the Company's assets.

An account of how the Joint Administrators will seek to achieve the objective of the Administration is set out below.

4. Management of the Company's Affairs since the Joint Administrators' Appointment

Trading

As stated above, immediately upon their appointment, the Joint Administrators took the decision to cease trading the business.

Assets remaining to be realised

Property and Litigation

The Company owns the premises at Craig Y Nos, Clyne Common, Swansea, SA3 3JB (the Property). The Property was purchased for the sum £805,000 in September 2014 with the assistance of a secured loan provided by Knox.

Following the purchase of the Property and in consideration of the Company's financial position, the directors reviewed the available options in respect of the Property. In March 2017 an interested party submitted an offer for the Property, however, following the

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prospective purchaser's enquiries, the directors were made aware of certain restrictive covenants to the title of the Property which limited its future use and its potential development. The directors therefore believed that the Property was worth substantially less than what had originally been paid.

The directors sought legal advice and were advised that the Company may have a professional negligence claim against the solicitors acting on behalf of the Company in the purchase of the Property. In summary, the directors advanced a claim of breach of duty of care and breach of fiduciary duty against the Company's former legal advisors. Correspondence was entered into in respect of the Pre-Action Protocol and the directors were due to attend mediation with a view to discussing a settlement on the claim. As a result of the Company entering Administration, the mediation did not proceed.

The Joint Administrators have received part of the files from the solicitors acting on behalf of the Company in bringing the claim and these are currently being reviewed. The right of action against the Company's former advisors is an asset in the Administration, and the Joint Administrators are likely to pursue this further in order to maximise recoveries for the benefit of creditors. It will be necessary for the Joint Administrators to undertake a full review of the basis of the claim, solicitor's files and to pursue the claim against the former advisors.

Any recoveries in respect of the potential claim are currently uncertain and at this stage no estimate can be provided as to the potential benefit available to the Administration of pursuing this claim further, however, the value of the claim is potentially worth up to c.£400,000.

The Joint Administrators have instructed Agents to advise in relation to the sale of the Property and it is proposed that this will take place by way of auction. The Property has been valued with an estimated to realise figure of between £525,000 and £600,000. It is anticipated that the Property will be entered into auction following the conclusion of the Joint Administrators enquiries into the covenants and the outstanding claim.

Knox are owed in the region of £892,817 and therefore are likely to suffer a significant shortfall in respect of their fixed charge. Any realisation from the claim against the Company's advisors will be classed as a floating charge realisation.

Cash at Bank

The Company's bankers were notified of our appointment via email prior to the directors being made aware of our appointment. Bank statements and other information were requested but have not yet been provided in respect of the Company's bank account and these are being chased. Any credit balance will be recovered for the benefit of the Administration.

Furniture & Equipment

The Company owns the furniture and equipment in the premises which had a book value of £6,417 in the accounts for the year ended 31 July 2017. Any recoveries in this respect are anticipated to be minimal once the costs of removal and sale are taken into account.

Book Debts

The accounts for the year ended 31 July 2017 show a debt owed to the Company by Gower Play Ltd totalling £141,905. Gower Play Ltd rented part of the premises from the Company and the appointment of administrators terminated their lease and Gower Play has therefore now ceased trading. The recovery position in respect of this debt is currently unclear, however, further enquiries will be made.

Post appointment strategy

Agents have been instructed to advise in respect of the Property and the most appropriate sale process to follow. A number of interested parties have contacted the Agents and it is

envisaged that the Property will be sold at auction. Agents will also be instructed to handle the sale of the chattel assets.

We intend to approach the beneficiary of the restrictive covenants and ascertain their position in relation to the release of those covenants prior to sale. If that is likely to result in a better realisation then that will be pursued prior to any sale.

Francis Wilks and Jones Solicitors were instructed in matters relating to the Joint Administrators' appointment and have acted on their behalf in respect in advising them in matters arising in the course of the Administration. Auction House South Wales were appointed to provide a valuation of the Property and will act on the Joint Administrators' behalf in respect of the sale of the Property

The Joint Administrators will undertake a full review of the potential claim against the Company's former legal advisors. Knox were excluded from the original claim and the former solicitors' insurers did initially withhold some information on the basis that it was privileged and have provided certain responses based on Knox not being a co-claimant. We therefore *intend to seek advice on the best strategy to pursue and this may include pursuing a claim jointly with Knox who, in any event can, only be a co-claimant if they have suffered a recoverable loss.*

Investigation into the Company's Affairs Prior to the Administration

The Joint Administrators are undertaking a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a conduct report to be submitted in respect of Company directors in office at the commencement of the Administration and any who resigned in the three years prior to the Administration.

Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

5. The Statement of Affairs and the Outcome for Creditors

The Directors have not, to date, submitted a signed Statement of Affairs, albeit this is expected to be received shortly. An Estimated Financial Statement of the Company, together with a list of the creditors, is attached at Attachment IV for creditors' information. These details have been extracted from the Company's records and therefore no warranty can be given to the accuracy of the details given.

In accordance with the standard format of a Statement of Affairs, no provision has been made in the Statement for the costs of the Administration (including agents, legal and other professional fees).

The Joint Administrators have not carried out any work of the nature of an audit on the information.

Secured Creditors

Knox hold a fixed charge over the Property and a floating charge over the Company's assets created on 18 September 2014. Knox were owed £892,817 on the date of our appointment.

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Preferential Creditors

The former employees will have preferential claims against the Company in respect of unpaid wages and outstanding holiday pay, which are estimated to total £8,799. There may also be unpaid pension contributions owed and this will be investigated further.

Unsecured Creditors and the Prescribed Part

Unsecured creditors are estimated to total £66,013, based on the information available from the Company's books and records. Parents and Carers that paid in advance for childcare services for July will also have unsecured claims against the Company. The total value of these claims are currently uncertain as bank statements have yet to be received and access to the Company's server has not yet been obtained. For the purposes of the report and estimated Statement of Affairs these claims have been listed as uncertain.

Section 176A of the Act requires Administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.

From the Statement at Attachment IV, you will note that the net property is estimated to be £nil, which would result in an estimated prescribed part of £nil. Please note that any prescribed part dividend is subject to the successful outcome of potential litigation being pursued against the Company's former legal advisors in relation to the Property. At this stage, given the uncertainty in respect of this matter and the quantum of any potential settlement, at this stage it is not possible to assess whether a distribution will be payable to the preferential creditors or unsecured creditors by way of a prescribed part distribution.

No realisations have been made to date and therefore a receipts and payments account is not included with this report.

6. Statement of Pre-Administration Costs

South West & Wales Business Recovery incurred fees for work done prior to the Administration on the basis of time costs incurred by the insolvency practitioners and their staff at their standard charge-out rates plus VAT and disbursements.

Details of the work undertaken are as follows:

- Reviewing the Company's financial position and advising the chargeholder on the options available;
- Instructing and liaising with Francis Wilks and Jones in respect of the appointment process;

In conducting the above work, the following costs were incurred:

	£
SWBR's time costs	3,810.00
Francis Jones Wilks' Fees and Disbursements	2,127.50

Attached at Appendix V is a breakdown of the time costs of the Joint Administrators and their staff incurred prior to Administration and included within this Appendix are SWBR's charge-out rates. All the above pre-appointment costs remain unpaid. The Joint Administrators seek approval for their pre-appointment remuneration as an integral part of, and not in addition to, the fee resolution proposed for their post-appointment remuneration. For the avoidance of doubt, the Joint Administrators seek approval for their pre-appointment disbursements as a separate matter to their remuneration, as set out above.

The payment of the unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of the Rules and is not part of the Statement of Proposals subject to approval under Paragraph 53 of Schedule B1 of the Act. Further explanation of the approval process is provided in Section 10.

7. The Joint Administrators' Fees and Expenses

The Joint Administrators propose to fix their fees on the following basis:

- In respect of the sale of the Property, that the Joint Administrators fees be fixed on the basis of 2.5% of the gross value of recoveries achieved, whether by the Company or Knox, plus VAT and disbursements, and;
- In respect of the Claim against the Company's former advisors and any other realisations, that the Joint Administrators' fees be fixed on the basis of 20% of the gross value of recoveries achieved, whether by the Company or Knox, plus VAT and disbursements.

PROVIDED THAT

- If the Joint Administrators' fees calculated by reference to the time spent by them and their staff in attending to matters arising in the Administration; at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken amounts to less than the percentages due in respect of the realisations mentioned above (the percentage fees), The joint administrators will be remunerated based on the time spent by them and their staff and total fees drawn are not to exceed the fee estimate of £94,780 plus VAT & disbursements (being the estimate on both a time costs basis and in respect of the percentage fees likely to arise on current information) provided in the Report to Creditors dated 21 August 2018 without further recourse to creditors.

The Joint Administrators believe that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals and, instead, will seek approval for the basis of their fees from the secured creditor.

Fixing the Joint Administrators' fees in this way provides creditors with certainty as regards the fees irrespective of developments in the Administration (although the Joint Administrators have a statutory right to seek creditors' approval to adjust the fee in the event that circumstances change materially) and, if the Joint Administrators were to charge their fees on the alternative basis of time costs incurred by them and their staff, it is very likely that this would result in a fee at least equal to, and likely in excess of, that proposed. On this basis, the Joint Administrators consider the proposed fee basis to be a fair and reasonable reflection of the work that they propose to undertake.

Attached at Appendix VI is a breakdown of the time costs incurred in the Administration to 21 August 2018.

The charge-out rates of the Joint Administrators and their staff are detailed in Appendix VI. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and claims being agreed. The grades of staff instructed to assist in this matter and their key responsibilities include:

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- Support Staff: maintenance of the creditors' contacts database, assisting with creditors' queries and routine correspondence
- Administrators: assisting in the realisation of assets, employee matters, liaising with creditors and debtors, preparing reports to creditors and other statutory matters, and managing the cashing function
- Managers: reviewing the Company's position and affairs, handling asset realisations, reviewing draft statutory reports to creditors and overseeing the tax and VAT aspects of the case

Creditors may access a Guide to Administrators' Fees at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf or a hard copy will be provided on request.

The Joint Administrators' Expenses

The Joint Administrators' expenses may be divided into two categories:

- Category 1 expenses are costs that can be specifically identified as relating to the administration of the case. These are charged to the estate at cost with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums and properly reimbursed expenses. Legislation provides that administrators may discharge Category 1 expenses from the funds held in the insolvent estate without further recourse to creditors.
- Category 2 expenses are costs that are also directly referable to the appointment in question but not to a payment to an independent third party. Payments may only be made in relation to Category 2 expenses after the relevant creditors have approved the bases of their calculation.

It is our normal practice to charge the following category 2 disbursements to cases where appropriate:

- Photocopying - to be charged for circulars to creditors and bulk copying of 10 pages or more at 5 pence per sheet (black and white) and 10 pence per sheet (colour).
- Large envelopes 20 pence each, small envelopes 10 pence each.
- Mileage - to be charged at HM Revenue & Customs approved rate of 45 pence per mile.
- Postage where the postage costs are directly referable to a bulk posting of notifications to third parties, e.g. creditors, which exceeds a minimum number of 10 letters in any one notification exercise.
- Storage - to be charged for storage of company books and records at £5 per box per year, a box cost of £1.45 per storage box and a destruction cost of £2 per box.

Proposed Work to be Undertaken

Attached at Appendix VII is an estimate of the time that the Joint Administrators envisage the above work will take to complete, a description of the work to be undertaken and an estimate of the disbursements that will be incurred.

Administration (including Statutory Reporting)

The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

Primarily, these tasks include:

- Meeting all statutory reporting and filing requirements, including 6-monthly reports, seeking an extension where necessary, and issuing a final report and notices;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements; and
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

Investigations

The Joint Administrators examine the conduct of the Company and its directors prior to the Administration with two main objectives:

- To identify what assets are available for realising for the benefit of creditors, including any potential actions against directors or other parties, such as challenging transactions at an undervalue or preferences; and
- To enable the Joint Administrators to report to the Insolvency Service on the conduct of the directors so that the Insolvency Service may consider whether disqualification proceedings are appropriate ("CDDA" work).

In the early stages of the Administration, this work involves examining the Company's books and records, considering information received from creditors and the Company's accountants and seeking information from the Company's directors and other senior staff by means of questionnaires and/or interviews.

In the event that questionable transactions are identified, it may be necessary to conduct further investigations and instruct solicitors to assist in deciding the Joint Administrators' next steps in pursuing a recovery. If a potential recovery action is identified, it may be necessary to instruct professional agents in gathering evidence and in exploring further the existence and value of assets to target. If the Joint Administrators encounter resistance in making a recovery, formal legal action may be appropriate.

In addition, if the Insolvency Service decides to proceed with a disqualification, the Joint Administrators will be required to assist the Insolvency Service's investigators in their work, which may include providing the investigators with access to the Company's books and records and agreeing statements to be given in evidence of those proceedings.

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The Fees and Expenses Estimates presented reflect the anticipated work in identifying potential causes of action. If any are identified and the Joint Administrators consider that additional work is required, they may revert to the relevant creditors to seek approval for fees in excess of the estimate.

Realisation of assets

The Statement of Proposals summarises the work carried out by the Joint Administrators to date in realising the Company's assets. The principal matters that require further work are:

- Marketing and selling the Property;
- Undertaking a review to identify any further potential assets;
- Reviewing the potential claim against the Company's former legal advisors and liaising with solicitors in this respect;

Creditors (claims and distributions)

As the Statement of Proposals explains, there are a number of different classes of creditor involved in the Administration that require the Joint Administrators' attention. In particular, the Joint Administrators anticipate conducting the following key tasks:

- Reviewing claims submitted by the tax departments and, where it is appropriate, examining the Company's records to appeal assessments or adjudicate on the Crown's claims;
- Responding to creditors' queries and logging their claims and supporting information;
- Maintaining the database as regards creditors' contact details and claims;
- Dealing with a creditors' committee, if one is appointed.

Other Information to Support the Proposed Fees

Attached at Appendix VII is an estimate of the time that the Joint Administrators envisage the above work will take to complete.

Please note that the estimates have been provided on the assumptions given below. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted Expenses Estimate. In the event that the Joint Administrators incur time costs in excess of the Fees Estimate, they will only revert to the relevant creditors for approval if they propose to draw any fees in addition to those estimated from the insolvent estate.

The Fees and Expenses Estimates have been compiled on the assumptions set out below. Please note that these are assumptions only for the purposes of preparing the Estimates in accordance with the statutory provisions. It has been assumed that:

- investigations to the extent described above will be carried out;
- no exceptional work will need to be conducted in order to realise the remaining assets;
- there will be no requirement to hold a physical creditors' meeting or additional decision procedure to consider the matters covered by this Proposal; and
- there will be no need to extend the Administration

On the basis of these assumptions, the Joint Administrators do not anticipate that it will be necessary to seek additional approval from the relevant creditors for fees in excess of the Fees Estimate. However, in the event that the Administration does not proceed as envisaged, the Joint Administrators will seek approval for any fees in addition to those estimated that they wish to draw from the insolvent estate.

8. The Joint Administrators' Discharge

The Act requires that in the absence of a Committee the timing of the Joint Administrators' discharge from liability will be decided by the secured creditor. The Joint Administrators propose that this discharge will take effect when their appointment ceases to have effect, unless the court specifies a time.

9. Invitation to Form a Creditors' Committee

An invitation to form a creditors' committee is not being made at this stage as it is currently considered that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of section 176A(2)(a) of the Insolvency Act 1986. In the event that this position changes then this matter will be reviewed.

10. Approval of the Statement of Proposals

The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals.

Notwithstanding this, if it is requested by creditors whose debts amount to at least 10% of the Company's total debts (or 10 creditors in total or 10% in number of the Company's creditors), within 8 business days from the date on which the Statement of Proposals was delivered, then the Joint Administrators will seek a decision from creditors, however, security must be given for the expenses of seeking such a decision.

If no decision is requested, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Rules.

11. Summary of the Joint Administrators' Proposals

The Statement of Proposals is summarised below.

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- the Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they realise the Company's remaining assets and make initial enquiries in respect of the removal of the restrictive covenants, the claim against the former legal advisors and any other realisable assets which the Joint Administrators consider necessary;

Treetops Day Care Swansea Ltd - In Administration


Statement of Joint Administrators' Proposals Pursuant to Schedule B1 of the Insolvency Act 1986

- (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company whether alone or jointly with any other co-claimant whom the Joint Administrators, in their absolute discretion, consider it expedient to bring a joint claim with; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- the Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
 - the Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time:
 - (i) in the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - (ii) in the event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Neil Maddocks and Rob Coad will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out above; or
 - (iii) alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such circumstances, Jon Law and Neil Maddocks may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator.

Treetops Day Care Swansea Ltd - In Administration

**Statement of Joint Administrators' Proposals
Pursuant to Schedule B1 of the Insolvency Act 1986**

Dated this 21 August 2018



**Neil Maddocks
Joint Administrator**

Neil Maddocks and Rob Coad were appointed Joint Administrators of Treetops Day Care Swansea Ltd on 2 July 2018. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

DEFINITIONS

The Act	The Insolvency Act 1986
The Rules	The Insolvency Rules 1986 or the Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event described)
The Statement of Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
The Joint Administrators	Neil Maddocks and Rob Coad
The Company	Treetops Day Care Swansea Ltd - In Administration
The Court	Business & Property Courts of England and Wales, Chancery Division
EBIT	Earnings before interest and tax
RPO	The Redundancy Payments Office
HMRC	HM Revenue & Customs
ROT	Retention of Title
EOS	Estimated Outcome Statement
PP or Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986
QFCH	Qualifying Floating Charge Holder
SIP	Statement of Insolvency Practice (England & Wales)
TUPE	Transfer of Undertakings (Protection of Employment) Regulations

TREETOPS DAY CARE SWANSEA LTD - IN ADMINISTRATION STATUTORY INFORMATION

Company Name	Treetops Day Care Swansea Ltd
Previous Name(s)	
Trading Name(s)	
Proceedings	In Administration
Court	In the Business and Property Courts of England and Wales, Chancery Division
Court Reference	5507 of 2018
Date of Appointment	2 July 2018
Joint Administrators	Neil Maddocks and Rob Coad
	SWBR
	Orchard St Business Centre
	13-14 Orchard Street
	Bristol
	BS1 5EH
Registered office Address	Orchard St Business Centre
	13-14 Orchard Street
	Bristol
	BS1 5EH
Company Number	09131495
Incorporation Date	15 July 2014
Company Secretary	N/A
Appointment by	QFCH
Directors at date of Appointment	Charlotte Howells, Kelly Phillips
Directors' Shareholdings	Charlotte Howells (50 shares) Kelly Phillips (50 shares)

Treetops Day Care Swansea Ltd**A – Summary of Assets**

Assets	Book Value £	Estimated to Realise £
Assets subject to a fixed charge:		
Freehold Land & Property	1,161,416	525,000
Knox Commercial Finance Ltd	(892,817)	(892,817)
Deficiency c/f		(367,817)
Assets subject to a floating charge:		
Book Debts	141,905	0
Furniture & Equipment	6,417	1,000
		1,000
Uncharged assets:		
None		0
Surplus from assets subject to a fixed charge		0
Estimated total assets available for preferential creditors		1,000

A1 – Summary of liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	1,000
Liabilities	
Preferential creditors:	
Employees' Claims	(8,799)
Total Preferential Claim	(8,799)
Estimated deficiency / surplus as regards preferential creditors:	(7,799)
Estimated total assets available for floating charge holders	(7,799)
Debts secured by floating charges	
Knox Commercial Finance Ltd deficiency b/f	(367,817)
	(367,817)
Estimated deficiency/surplus of assets after floating charges	(375,616)
Total assets available to unsecured creditors	NIL
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Employees' Claims	(10,396)
HM Revenue & Customs (1)	(11,094)
Trade Creditor (7)	(44,523)
	(66,013)
Estimated surplus / deficiency as regards non-preferential creditors	(441,629)
Issued and called up capital	
Ordinary	(100)
	(100)
Estimated total deficiency / surplus as regards members	(441,729)

COMPANY CREDITORS

Note: You must include all creditors and identify any creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)	Creditor Type	Amount of debt	Details of any security held by creditor	Date security given	Value of security
Clive Atkins & Co Ltd	AVC House, 21 Northampton Lane, Swansea, SA3 3JB	Trade Creditor	£19,033.90			£0.00
Dual Energy	Premium House, The Esplanade,, Worthing, Worthing, West Sussex, BN11 2BJ	Trade Creditor	£606.47			£0.00
HM Revenue & Customs	ICHU, RM BP 3202, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	HM Revenue & Customs	£11,093.54			£0.00
JCP Solicitors	Venture Court, Waterside Business Park, Swansea, SA6 8AH	Trade Creditor	£16,773.30			£0.00
Knox Commercial Finance Ltd	3 Cios Cefn Bryn, Llwynhendy, Llanelli, SA14 9GA	Secured Creditor	£892,817.44	Fixed & Floating Charge	18/09/2014	£892,817.44
Shred-it	Second Floor, Corner House,, 177 Cross Street, Sale, Cheshire, M33 7JQ	Trade Creditor	£1,113.05			£0.00
Swansea Council	Financial Services, Civic Centre, Oystermouth Road, Swansea, SA1 3SN	Trade Creditor	£5,035.00			£0.00
Veolia	Kingswood House, Kingswood Crescent, Cannock, Staffordshire, WS11 8JP	Trade Creditor	£146.87			£0.00
Welsh Water	Linea,, Fortrain Road, Cardiff, CF3 0LI	Trade Creditor	£1,814.81			£0.00
Employee(s)		Employee(s)	£19,194.36			£0.00
Totals			£967,628.74			£892,817.44

* Denotes a Creditor claiming Retention of Title

Treetops Day Care Swansea Ltd

Schedule of Secured Creditors and Special Creditor Groups

Secured Creditors

Secured creditor's name and address	Amount of claim (estimated)	Details of security	Date security was given	Value of security (per Statement of Affairs)
Knox Commercial Finance Ltd	892,817	Fixed and Floating Charge	18/09/14	892,817

Special Creditor Groups

Creditor Group	Number of creditors in group	Total amount of claims (estimated)
Employees and former employees	8	19,195
Consumers claiming amounts paid in advance for the supply of goods and services	Uncertain	Uncertain

Appendix IV
Treetops Day Care Swansea Ltd in Administration
Estimated Outcome Statement for the Period 2 July 2018 to 1 July 2019

		Estimated to Realise
Assets subject to Fixed Charge		
Freehold Property	£525,000.00	
		<u>£525,000.00</u>
Less: Fixed Charge Costs		
Legal Fees	£2,500.00	
Agents' Fees	£5,250.00	
Officeholder's remuneration	£13,125.00	
Insurance of Assets	£2,000.00	
		<u>-£22,875.00</u>
Less Payment to Fixed charge creditor		-£502,125.00
Assets subject to Floating Charge		
Furniture & Equipment	£1,000.00	
Litigation/Right of Action	Uncertain	
Book Debts	£0.00	
		<u>£1,000.00</u>
Costs		
Post Appointment -		
- Officeholders' fees	£200.00	
- Statutory Bordereau	£40.00	
- Statutory Advertising	£81.45	
- Stationery / Photocopying / Postage	£50.00	
- Storage of Records	£200.00	
- Travel/Mileage	£400.00	
- IT Case Management Fees	£28.55	
		<u>-£1,000.00</u>
Net Property		<u><u>£0.00</u></u>

Notes

Given the uncertainty in respect of the potential realisations from the legal claim, for the purposes of the Estimated Outcome Statement it has been assumed that the only realisable assets will be the Freehold Property and the furniture and equipment. On this basis there will be insufficient realisations to meet the pre-appointment costs and only certain post-appointment disbursements.

Appendix V

Treetops Day Care Swansea Ltd - in Administration

Administrators' SLP9 Compliant Pre-Appointment Time Cost Analysis

Classification of Work Function	Average					Total Hours	Cost £	Average hourly cost £
	Officeholder Hours	Manager Hours	Administrator Hours	Assistant / Support Hours				
Administration & Planning	7.1	1.5	0.0	2.7	11.3	2,670.00	236.28	
Appointment & Related Formalities	3.8	0.0	0.0	0.0	3.8	1,140.00	300.00	
Cashiering & Banking	0.0	0.0	0.0	0.0	0.0	0.00		
Court Hearings	0.0	0.0	0.0	0.0	0.0	0.00		
Creditor Correspondence	0.0	0.0	0.0	0.0	0.0	0.00		
Creditor Reporting	0.0	0.0	0.0	0.0	0.0	0.00		
Dealings with Employees	0.0	0.0	0.0	0.0	0.0	0.00		
Dealings with Secured Creditors	0.0	0.0	0.0	0.0	0.0	0.00		
Dealings with Unsecured Creditors	0.0	0.0	0.0	0.0	0.0	0.00		
Insurance of Assets	0.0	0.0	0.0	0.0	0.0	0.00		
Investigations	0.0	0.0	0.0	0.0	0.0	0.00		
Realisation of Assets	0.0	0.0	0.0	0.0	0.0	0.00		
Receipts & Payments	0.0	0.0	0.0	0.0	0.0	0.00		
Statutory & Compliance	0.0	0.0	0.0	0.0	0.0	0.00		
Tax & VAT Matters	0.0	0.0	0.0	0.0	0.0	0.00		
Trading	0.0	0.0	0.0	0.0	0.0	0.00		
Total Hours	10.9	1.5	0.0	2.7	15.1	3,810.00	252.32	
Total costs	3,270.00	270.00	0.00	270.00				

Charge Out Rates Per Hour	£
Officeholder	300
Manager	180 - 240
Administrator/Assistant Manager	120 - 150
Assistant / Support	100

Appendix VI

Treetops Day Care Swansea Ltd - in Administration

Administrators' SIP9 Compliant Time Cost Analysis for the period 2 July 2018 to 21 August 2018

Classification of Work Function	Officeholder				Assistant /		Average	
	Hours	Manager Hours	Administrator Hours	Support Hours	Total Hours	Cost £	hourly cost £	
Administration & Planning	9.7	11.5	3.3	35.0	59.5	8,876.00	149.18	
Appointment & Related Formalities	10.7	3.0	0.0	0.0	13.7	3,750.00	273.72	
Cashiering & Banking	0.0	0.0	0.0	0.2	0.2	20.00	100.00	
Court Hearings	0.0	0.0	0.0	0.0	0.0	0.00		
Creditor Correspondence	0.0	0.9	1.2	0.0	2.1	306.00	145.71	
Creditor Reporting	3.1	9.0	0.0	0.0	12.1	2,550.00	210.74	
Dealings with Employees	0.1	6.9	0.5	2.5	10.0	1,582.00	158.20	
Dealings with Secured Creditors	0.5	0.7	0.0	0.0	1.2	276.00	230.00	
Dealings with Unsecured Creditors	0.2	1.5	3.9	0.3	5.9	828.00	140.34	
Insurance of Assets	0.4	0.5	3.1	0.0	4.0	582.00	145.50	
Investigations	3.1	0.9	0.0	2.0	6.0	1,292.00	215.33	
Realisation of Assets	0.0	10.4	3.0	0.0	13.4	2,232.00	166.57	
Receipts & Payments	0.0	0.0	0.0	0.0	0.0	0.00		
Statutory & Compliance	1.3	0.0	4.4	0.0	5.7	918.00	161.05	
Tax & VAT Matters	0.0	0.0	0.0	0.0	0.0	0.00		
Trading	0.0	0.0	0.0	0.0	0.0	0.00		
Total Hours	29.1	45.3	19.4	40.0	133.8	23,212.00	173.48	
Total costs	8,730.00	8,154.00	2,328.00	4,000.00				

Charge Out Rates Per Hour	£
Officeholder	300
Manager	180 - 240
Administrator/Assistant Manager	120 - 150
Assistant / Support	100

Appendix VII

Treetops Day Care Swansea Ltd - in Administration

Administrators' SIP9 Compliant Fee Estimate for the period from 2 July 2018 to 1 July 2019

Classification of Work Function		Total Hours	Cost £	Average hourly cost £
Administration & Planning	1	90.0	14,800.00	164.44
Appointment & Related Formalities	1	17.5	4,890.00	279.43
Cashiering & Banking	1	12.0	1,840.00	153.33
Court Hearings	2	0.0	0.00	
Creditor Correspondence	3	23.0	3,560.00	154.78
Creditor Reporting	4	58.0	10,240.00	176.55
Dealings with Employees	3	31.0	4,700.00	151.61
Dealings with Secured Creditors	3	14.0	3,480.00	248.57
Dealings with Unsecured Creditors	3	24.0	3,440.00	143.33
Insurance of Assets	6	7.1	1,212.00	170.70
Investigations	5	57.0	12,500.00	219.30
Realisation of Assets	6	375.0	87,300.00	232.80
Receipts & Payments	4	0.0	0.00	
Statutory & Compliance	4	9.4	1,788.00	190.21
Tax & VAT Matters	7	2.5	510.00	204.00
Trading	8	0.0	0.00	0.00
Total Hours and Cost	-	<u>720.5</u>	<u>150,260.00</u>	<u>208.55</u>

Charge Out Rates Per Hour	£
Officeholder	300
Manager	180 - 240
Administrator/Assistant Manager	120 - 150
Assistant / Support	100

Expenses Estimate (net of VAT)

Bordereau	£40.00
Statutory Advertising	£81.45
Agents Fees	£5,250.00
Insurance of Assets	£2,000.00
Legal Fees (Inc Pre-Appointment Costs)	£10,000.00
Stationery/photocopying/postage	£350.00
Storage of Records	£200.00
Travel/Mileage	£400.00
IT Case Management Fees	£207.00

Treetops Day Care Swansea Ltd - in Administration**1 Administrative Requirements**

Work undertaken and recorded under this category includes: dealing with: the mechanics of appointment; setting up bank accounts; raising cheques and payments and posting these to internal ledgers; undertaking internal reviews of case progression and formalities; document and staff review; updating case management software and completing checklists; and case reviews.

2 Court Hearings

Work undertaken and recorded under this category will include: dealing with: the mechanics of appointment; setting up bank accounts; raising cheques and estimate set out assumes that matters of a routine nature only will need to be attended to. In administration where the appointment is made out of Court this would mean that no applications to Court requiring a hearing are made by the administrators or third parties whatsoever (including an application to extend the duration of the administration). Fees relating to Court work undertaken in respect of recovery actions or disqualification proceedings are also not included in this section and are detailed separately under note 4.

3 Creditor Correspondence

Work undertaken and recorded under this category will include: correspondence and telephone calls with creditors including parents with regard to meetings, protracted correspondence; no committee is formed; and that proofs of debt or proxies are undisputed. The estimate assumes that there will be insufficient funds to allow a distribution to be made to unsecured creditors. Also included is all work required in respect of reviewing and dealing with claims of former employees.

4 Statutory Reporting

In administration, an initial report to creditors will be prepared followed by a report after six months and a final report at the conclusion of the administration. The fee estimate provided assumes that the administration will be concluded within 12 months of appointment without extension and that no further reports are required. The administrators are also required to submit a report to the Department for Business Innovation and Skills on the conduct of the directors of the company. The fee estimate assumes that no further action is required by the office holder following submission of reports such as reviewing and signing witness statements in support of proceedings brought, and/or dealing with BIS or the Insolvency Service and/or its advisors or attending Court.

5 Investigations

Work undertaken and recorded in relation to this category includes investigating the conduct of directors in anticipation of preparing the report for BIS referred to above (but not its submission which is dealt with elsewhere) as well as investigating antecedent transactions such as preferences, transactions at an undervalue and misfeasance by directors. The fee estimate assumes that certain action may be required in relation to such investigations. In the event that further detailed action is required budgets will be provided to creditors separately and the fee estimate will be revised.

6 Asset Realisations

Work undertaken under this category will include all work in respect of the realisation of the company's assets including the Property and undertaking a review of the position in respect of the potential claim against the Company's former legal advisors and pursuing this claim and making enquiries in respect of any further potential assets. The fee estimate assumes that no further assets will emerge and that the realisation of the current assets will not become protracted. In the event that additional work is required in respect of the collection of the remaining assets or proceedings are considered in respect of potential claim against the former legal advisors a revised fee estimate may be issued to creditors.

7 Tax & VAT

Work undertaken under this category will include preparation of any pre and post appointment tax and VAT returns, correspondence with HM Revenue & Customs, analysis of company records to enable VAT to be calculated, de-registration and recovery of any outstanding VAT owed. The fee estimate assumes that detailed correspondence with HM Revenue & Customs will not be entered into and it will not be necessary to assist in any investigations undertaken.

8 Trading

The Company has ceased trading.

The Company has ceased trading.

Appendix VII

SCHEDULE OF GENERAL WORK

Administration & Planning

Secretarial requirements
Filing
Case Reviews
General phone calls
Photocopying

Appointment & Related Formalities

Review and Dealing with appointment correspondence
Notification to insurers

Cashiering & Banking

Setting up bank accounts
Raising cheques
BACS Payments
Paying in
Postings to internal ledgers
Bank Account Reconciliations

Court Hearings

Briefing solicitors and counsel
Collating and reviewing evidence
Attending Court

Creditor Correspondence

Redirected post
Review and respond to creditors letters and emails
Telephone calls

Creditor Reporting

Preparation of reports to creditors
Sending of reports

Dealings with Employees

Meetings and telephone calls
Reviewing company and wage records
Processing Redundancy Payments forms
Correspondence and telephone calls with Redundancy Payments
Agreeing claims
Agree claims of preferential creditors
Manage payroll in trading situations
Pay dividends

Dealings with Secured Creditors

Reviewing security documents
Agreeing claims
Making payments under security

— — — — —

Liaising with finance companies over asset sales

Appendix D (3) cont'd

Dealings with Unsecured Creditors

Review proofs and backing documentation
Check claims to company records
Pay dividends

Insurance of Assets

Review company insurance
Complete post appointment open cover insurance
Bonding
Review assets and liabilities to assess insurance requirements

Investigations

Conduct investigation into directors conduct
Conduct investigation to identify assets
Report on directors conduct to Secretary of State

Realisation of Assets

Book debt collection
Connected party debtors - directors and associated company debtors
Tax and VAT refunds and relief claims
Stock, plant and machinery, fixtures and fittings and liasion with agents
Cash at bank
Intellectual property and liasion with agents
Sale of business - prep of sales pack, strategy, liasion with interested parties, agents and advisors
Litigation regarding asset realisations

Statutory and Compliance

Filing 6 monthly and annual returns to Companies House and Court
Update checklists and case management software
Case Reviews
Company/employee pension review
Notification of appointment to company, creditors, shareholders, Court, Companies House, PPF, insurers
File directors conduct report