

The Insolvency Act 1986

Administrator's progress report

Name of Company Surgicare Limited	Company number 03082268
In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court)	Court case number 2413 of 2010

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

I/We (a)
Christopher Ratten
RSM Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

Jeremy Nigel Ian Woodside
RSM Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

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

From (b) 29 October 2010	To (b) 28 April 2011
Signed Joint / Administrator(s)	<i>Ch Ratten</i>
Dated	23/5/11

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 there is a query on the form

The contact information that you give will be visible to searchers of the

Christopher Ratten
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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

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COMPANIES HOUSE

Surgicare Limited (“the Company”) – In Administration

**Joint Administrators’ First Progress Report
for the period from 29 October 2010 to 28 April 2011**

Issued on: 24 May 2011

Christopher Ratten and Jeremy Nigel Ian Woodside of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the administration of the Company for the period from 29 October 2010 to 28 April 2011

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix I**

2. Joint Administrators' receipts and payment account

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 29 October 2010 to 28 April 2011 is attached at **Appendix II**

3. Action taken by the Joint Administrators since appointment

Sale of the business and assets

The Joint Administrators decided that it was not possible to continue trading the business of the Company and that an immediate sale of the Company's business and assets was the best way to achieve the objective of the Administration

Marketing of the business was commenced and information was supplied to seven interested parties subject to confidentiality agreements. Four of these parties spoke to the Company's management team and two of them visited the Company's Manchester premises to carry out limited due diligence. A deadline for offers was set for all final offers to be received by 5 00pm on 26 October 2010.

On 26 October 2010, an offer was received from the unconnected company The Hospital Medical Group Ltd in the sum of £40,000. The intangible and tangible assets offer was as follows:

	£
Goodwill and Intellectual Property	10,000
Tangible Assets	20,000
Stock	4,000
Debts	6,000
Total	40,000

The above offer was accepted and a sale and purchase agreement was drawn up prior to the date of Administration. Addleshaw Goddard were instructed to draft the sale and purchase agreement and RAM 1001 Ltd, which is a wholly owned subsidiary of The Hospital Medical Group Ltd and which has subsequently changed its name to Surgicare Medical Ltd ("the Purchaser"), instructed their solicitors in this regard.

The sale contract was agreed and completed on 29 October 2010. Under the sale and purchase agreement, the full value of the consideration was due on completion. Our solicitors received the sum of £40,000 on 29 October 2010.

In addition to the offer for the above tangible assets, the Purchaser agreed to pay the October wages and carry out customer operations and aftercare where deposits had been paid to the Company prior to the Administration.

All 37 employees were transferred to the Purchaser under the Transfer of Undertakings (Protection Of Employment) Regulations 2006 ("TUPE") Therefore the sale of the business has avoided redundancies and the associated preferential and non-preferential claims against the Company

The business sale has provided continuity for the Company's customers which should avoid significant further liabilities from being incurred, particularly the liabilities to customers who had already paid for operations that would have had to be cancelled if the business had ceased

Investments

The Company holds shares in a subsidiary company Plastic Surgery Partners Ltd ("PSP") with a book value of £640,994 On 13 January 2011, PSP was placed into Creditors Voluntary Liquidation with Christopher Ratten and Jeremy Woodside being appointed as Joint Liquidators There will not be a distribution to the Company from the Liquidation of PSP

Leasehold improvements

The Company's books and records indicate that there were leasehold improvements with a book value of £32,768 relating to improvement expenditure at the rented premises in Manchester, however there will be no realisations in this regard The leasehold premises have been handed back to the landlords

Cash at Bank

At the date of Administration, the sum of £227,232 was held by Barclays Bank Plc ("Barclays"), including a £185,000 security deposit against potential credit card chargebacks Under the terms of the sale and purchase agreement the Purchaser is required to honour existing customer contracts in order to mitigate the potential chargeback exposure Any remaining balance of the £185,000 security deposit after chargebacks are applied is to be transferred to the Purchaser We have been liaising with the Purchaser and Barclays in relation to the operations being continued and the residual balance being held On the basis of current information it is anticipated that part of the security deposit will be available to the Purchaser and the balance of cash at bank of £42,232 will be available to the Administration estate

Rates, Service Charge and Utility Refunds

The sums of £7,147, £708 and £85 respectively have been received in respect of refunds

Investigations

The Joint Administrators have a duty to submit confidential reports to the government's Disqualification Unit on the conduct of those persons who acted as directors of the Company in the three year period before the Administration, these have been completed

Statutory Matters

On 10 December 2010, the Joint Administrators' proposals were circulated to all known creditors and a meeting of creditors was convened for 6 January 2011 The proposals were approved without modifications at the meeting of creditors

A Statement of Affairs has been prepared and signed by the director, Mark Bury, and it was filed with the

Registrar of Companies on 7 February 2011

4. Future Actions of the Joint Administrators

We will continue to monitor progress in the Purchaser completing customer operations and mitigating the credit card chargeback exposure and will liaise with Barclays concerning the cash at bank and security deposit

5. Liabilities and dividends

Barclays Bank Plc ("Barclays") has fixed and floating charges over the assets of the Company created on 10 December 2009. At the date of our appointment, Barclays had no current indebtedness, however this is before any potential credit card chargebacks from customers. On current estimates it is anticipated that they will not suffer a shortfall.

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the preferential creditors and costs and expenses of the administration, but before paying the lender who holds a floating charge. An Administrator has to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000

The Company granted fixed and floating charges to Barclays Bank Plc ("Barclays") on 10 December 2009. It is expected that there will be no liability due to Barclays as a result of the sale of the business and therefore no prescribed part.

Until the position regarding credit card chargebacks and cash at bank is resolved it is uncertain as to whether there will be sufficient funds to allow payment of a dividend to non preferential creditors in this matter. As a result we have not yet formally acknowledged the creditors' claims.

6. Joint Administrators' Remuneration, Disbursements and Expenses

Basis of remuneration and disbursements

As a result of the agreement of the Administrators' proposals, the Joint Administrators' proposals relating to their remuneration and disbursements were approved. This provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with matters in the administration and that disbursements would be drawn in accordance with the tariff outlined in **Appendix III**.

Remuneration charged and drawn in the period

The Joint Administrators' time costs were charged (exc VAT) as follows

For this period	Incurring period	Incurring period	Paid
from appointment -29 October 2010 to 28 April 2011	£40,056 20		£ Nil

In accordance with Statement of Insolvency Practice 9 attached at **Appendix III** is a breakdown of these time

costs

Disbursements incurred and drawn

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below. Details are in the attached **Appendix III**

	Incurring	Paid
Category 1 disbursements for this period from appointment - 29 October 2010 to 28 April 2011	£450 20	£415 20
Category 2 disbursements for this period from appointment - 29 October 2010 to 28 April 2011	£ Nil	£ Nil
Total	£450 20	£415.20

Expenses (professional advisors) charged and drawn in the period

The following professional advisors have been instructed in this matter

Professional Advisor	Nature of Work	Fee Arrangement
JPS Chartered Surveyors	Surveyors valuations and disposal of assets	Time Costs
Addleshaw Goddard Solicitors	Solicitors sale agreement	Time Costs
Mr Michael Hall	Accountants assistance with statement of affairs	Time Costs

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

Pre-administration costs

Creditors also resolved on 6 January 2011 that the Joint Administrators be authorised to draw pre-administration costs of £16,827 plus VAT, including disbursements incurred by them, out of the assets of the Company as an expense of the administration, and to be drawn as and when funds permit

To date these costs have not been drawn

Creditors' Guide to Fees and statement of creditors' rights

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply. Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenton.com/creditorguides>. Alternatively a copy is available free of charge upon request from the address above

7 End of Administration

It is the Joint Administrator's intention to exit the Administration by either moving the Company into Creditors

Voluntary Liquidation if there are sufficient funds to make a distribution to unsecured creditors, or if insufficient funds are held the Joint Administrators will exit the Administration by moving the Company to dissolution pursuant to paragraph 84 of Schedule B1 to the Act

It was also resolved at a meeting of creditors that upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution



Christopher Ratten
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Administrators

Appendix I

Company Information

Company Name	Surgicare Limited
Previous Name	Varicare Limited (changed on 01/01/1997)
Company Number	03082268
Date of Incorporation	20 July 1995
Trading Address	Parkway House, Palatine Road, Manchester, Lancashire, M22 4DB
Current Registered Office	Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Former Registered Office	Great Western House, Station Road, Reading, Berkshire, RG1 1JX
Principal Trading Activity	Cosmetic Surgery

Appointment details

Joint Administrators' name and address	Christopher Ratten (IP Number 9338) of RSM Tenon Recovery, Arkwright House, Parsonage Gardens, Manchester, M3 2LF and Jeremy Nigel Ian Woodside (IP Number 9515) of RSM Tenon Recovery Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Date of appointment	29 October 2010
Court Name and Reference	High Court of Justice, Chancery Division, Manchester District Registry 2413 / 2010
Appointment made by	The board of directors, Parkway House, Palatine Road, Manchester, Lancashire, M22 4DB
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

Barclays Bank Plc has fixed and floating charges over the assets of the Company created on 10 December 2009

Surgicare Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 28/04/2011

S of A £		£	£
	SECURED ASSETS		
1 00	Goodwill	1 00	
9,999 00	Intellectual Property	9,999 00	
NIL	Investments	NIL	
			10,000 00
	ASSET REALISATIONS		
NIL	Leasehold Improvements	NIL	
20,000 00	Furniture & Equipment	20,000 00	
4,000 00	Stock	4,000 00	
NIL	Varicare Intercompany	NIL	
6,000 00	Book Debts	6,000 00	
Uncertain	Prepayments	NIL	
Uncertain	Rent Deposits	NIL	
	Rates Refund	7,146 82	
42,226 00	Cash at Bank	NIL	
NIL	Credit Card Security Deposit	NIL	
	Service Charge Refund	707 86	
	Licence Fee	58,884 76	
	Utility Refund	85 42	
	Bank Interest Gross	101 38	
			96,926 24
	COST OF REALISATIONS		
	Specific Bond	264 00	
	Professional Fees - 3rd Party S of A F	2,000 00	
	Solicitors Fees	10,479 00	
	Solicitors Disbursements	191 38	
	Irrecoverable VAT	8,005 29	
	Statutory Advertising	151 20	
	Rents Payable	56,053 50	
			(77,144 37)
	UNSECURED CREDITORS		
(1,929,949 00)	Trade & Expense Creditors	NIL	
(1,275,507 00)	Kwela Investments Ltd	NIL	
(395,000 00)	Customer Deposits	NIL	
(181,714 00)	H M Revenue & Customs (PAYE)	NIL	
			NIL
	DISTRIBUTIONS		
(5,129,010 00)	Ordinary Shareholders	NIL	
(3,433,580 00)	Deferred Shareholders	NIL	
(649,207 00)	Deferred Shareholders A	NIL	
			NIL
(12,911,741.00)			29,781.87
	REPRESENTED BY		
	Floating Deposit A/c		29,781 87
			29,781.87

Appendix III – Information relating to the Joint Administrators' Fees and Expenses

Appendix III

Surgicare Limited

Information relating to the Joint Administrators' Fees and Expenses

1. Explanation of Administrators' charging and disbursement recovery policies

1.1. Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are

	Rate since 29 October 2010 £
Director and licensed Insolvency Practitioner	355
Associate Director	355
Senior Manager	260-290
Manager	190-200
Administrator	130-173
Cashier	105-121

Secretarial and support staff are not charged to the cases concerned, being accounted as an overhead of RSM Tenon Recovery.

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred. Examples of Category 1 expenses are postage, case advertising, specific bond insurance, company search fees, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The current levels of Category 2 disbursements recovered by RSM Tenon Recovery are as follows:

Room hire	£60.00
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Envelope	4 2p
Paper (photocopies per sheet)	1 75p
Postage (depending on size and weight)	At cost
Files and dividers (cost per 100 creditors)	£2 00
Storage of archive box for one quarter	£1 60
Travel (per mile)	40p

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

2 Description of work carried out

Section 3 of this appendix outlines the time costs to date in relation to activities undertaken during this period. These can be summarised as follows:

2.1. Pre-appointment

Pre-administration time costs of £16,827.00 were incurred by the Administrators before the Company entered Administration, but with a view to its doing so.

The following activities have been undertaken:

- > Marketing the business for sale
- > Liaising and providing interested parties with further information in relation to the business,
- > Liaising with solicitors in respect of the sale agreement,
- > Financial review of the business,
- > Discussions with Barclays Bank Plc in relation to insolvency options available and likely outcome,
- > Preparing and filing statutory documents in relation to placing the Company into Administration.

Time spent in this category comprises the activities required to place the Company into Administration.

2.2 Administration and planning

This includes the following activities which have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > Progress reviews of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

2.3. Investigations

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Completion of statutory returns to the Insolvency Service

2.4. Realisation of assets

Please refer to the main body of the report but in summary the time spent includes

- > Liaison with new co and the bank in relation to operations being continued in relation to the residual balance of cash at bank,
- > Liaison with landlords and new co in relation to receipt and payment of licence fees,
- > Liaison with agents and solicitors,
- > Correspondence and meetings with interested parties,
- > Agreement of contracts

2.5. Creditors

The time spent includes the following matters

- > Liaison with the secured creditor in relation to the potential chargebacks and funds held,
- > Dealing with extensive creditor correspondence from creditors' solicitors,
- > Recording and maintaining the list of creditors,
- > Making payments to landlords in relation to licence fees,
- > Dealing with employee related matters,
- > Dealing with reservation of title claims,
- > Recording creditor claims
- > Reporting to creditors,
- > Meetings of creditors,
- > Dealing with creditor queries,
- > Reviewing and evaluating creditor claims,

3 Time and charge-out summary

Pre-appointment time costs total £16,827 00 in relation to 70 80 hours which have been spent at an average charge out rate of £237 33, were incurred by the Administrators before the Company entered into Administration

For the period of this report from appointment on 29 October 2010 to 28 April 2011, a total of 210 40 hours have been spent at an average charge out rate of £190 38, bringing the total timecosts to date to £40,056 20

The table below shows details of the time costs charged (exc VAT) in the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	0 50	13 70	13 70	8 10	36 00	7,066 70	196 30
Investigations	0 50	1 40	9 50	0 00	11 40	1,884 30	165 29
Realisation of assets	1 50	1 60	29 20	0 00	32 30	5,878 60	182 00
Creditors	9 50	14 80	106 40	0 00	130 70	25,226 60	193 01
Total hours	12 00	31 50	158 80	8 10	210 40		
Total fees claimed £	4,260 00	8,680 50	26,115 00	1,000 70		40,056 20	190 38

4 Disbursements

Disbursements incurred during the period of this report and those reimbursed in the period are detailed below

	Incurred	Paid
Category 1	£	£
Statutory advertising	151 20	151 20
Bond Premium	264 00	264 00
Court Filing Fee	30 00	-
Swear Fee	5 00	-
Total	450 20	415 20

The above costs exclude VAT

5 Professional advisors and expenses

The Joint Administrators have incurred administration expenses in connection with the instruction of the following parties,

Name & Activity	Incurring £	Paid £
JPS Chartered Surveyors valuations and disposal of assets	3,462 00	-
Addelshaw Goddard LLP Solicitors Sale and Purchase Agreement	10,479 00	10,479 00
Mr Michael Hall assistance with statement of affairs	2,000 00	2,000 00
Total	15,941.00	12,479.00

The above costs exclude VAT