Rule 2 47

Form 2 24B

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company	Company Number
Elision Limited	04470982

In the	Court case number
High Court of Justice, Chancery Division, Companies Court (full name of court)	9796 of 2008

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

I / We (a) Robert William Birchall and David Christian Chubb
PricewaterhouseCoopers LLP
Plumtree Court
London
EC4A 4HT

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

(b) Insert dates

from (b) 10 November 2009 to (b) 9 May 2010

Signed

Joint / Administrator(s)

Dated 13 May 2010

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 public record

Aidan Donaldson	
PricewaterhouseCoopers LLP	
Plumtree Court, London, EC4A 4HT	Tel 020 7804 1402
DX Number	DX Exchange

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Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

PRICEWATERHOUSECOOPERS

Elision Limited – in Administration
High Court of Justice, Chancery Division, Companies Court
Case No. 9796 of 2008

Joint Administrators' progress report for the six months ended 9 May 2010

13 May 2010

Contents

1. The Joint Administrators' progress report

Introduction

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Elision Limited ("the Company") for the six months to 9 May 2010

Statutory information

Information in relation to the Company as required by Rule 2 47(1) (a to d) IR86 is set out in Section 2

Progress of the Administration

As anticipated, no further book debts have been recovered since the Administrators' latest progress report due to counterclaims and disputes Debtor collections of £411,627 from a total ledger of £463,865 are therefore considered to be complete Recoveries compare favourably with the directors' statement of affairs' estimate of £185,000

The Company's tangible assets were sold early in the Administration Realisations of £155,125 included £75,000 for the Company's e-marketing scanning business Deferred consideration was also payable based upon the level of revenue generated by the purchaser from specific customer contracts during the first 12 months after the date of sale

When the Administrators last reported to creditors on 1 December 2009, the value attributable to deferred consideration was uncertain and information from the purchaser indicated that the amount was unlikely to be significant

However, the Administrators have now agreed and collected deferred consideration from the purchaser of £51,334

The Administrators have also recovered a small rates refund of £1,604

Third parties have continued to bring to the Administrators' attention the existence of additional company records that contain personal data and which must be handled in accordance with the stringent requirements of the Data Protection Act

The Administrators have also dealt with additional requests from former customers for access to the Company's records with a view to identification and retrieval of their own information

Throughout the Administration the handling of the Company's data has necessitated an unforeseen and significant level of involvement by the Administrators and entailed high storage and destruction costs

A first and final distribution of 100 pence in the pound was declared on admitted preferential claims totalling £76,387 in December 2009

All pre- and post-appointment corporation tax returns have been filed The Administrators have requested tax clearance from HM Revenue & Customs ("HMRC") and disclosed a terminal loss relief claim for pre-appointment periods of approximately £250,000

A penultimate VAT return has been submitted seeking repayment from HMRC of £36,570 The Administrators will file a final VAT return once all remaining expenses of the Administration have been settled

Receipts and payments account

An account of the receipts and payments for the period six months ended 9 May 2010 is set out in Section 3

Outcome for creditors

As previously reported, the Company is a subsidiary of Arkaga Healthcare & Technology Holdings Limited (in Administration) ("AHT") and part of an extensive and diverse investment portfolio in a group of companies, which is owned by a Jersey-based company, Arkaga Holdings Limited ("AHL")

1. The Joint Administrators' progress report

The Bank holds a debenture conferring fixed and floating charges over the whole of the Company's assets, together with a cross-guarantee in respect of lending to the wider AHL group

As at the date of the Administrators' appointment, the indebtedness to the Bank totalled approximately £85 5 million Given the extent of the indebtedness, the Administrators remain of the view that there are no dividend prospects for unsecured creditors from fixed charge realisations

The prescribed part of floating charge funds to be set aside for non-preferential unsecured creditors under Section 176A of the Insolvency Act 1986 ("IA86") does not apply as the Bank's charge was created before the relevant date of 15 September 2003

Accordingly, surplus floating charge funds are payable to the Bank The amount distributable to the Bank will be dependent upon the extent to which the Company might be entitled to a refund under its terminal loss relief claim and the final costs of the Administration

As stated above, the claims of preferential creditors have been settled in full

Administrators' remuneration

It is for the preferential creditors and the Bank as secured creditor to approve the Administrators' remuneration and Category 2 disbursements in the nature of services provided by the Administrators' own firm

In accordance with the approval of preferential creditors and the Bank, the Administrators have drawn remuneration of £255,229 on account of their time costs for the period 10 November 2008 to 31 August 2009 and Category 2 disbursements of £1,297 60

An analysis of the Administrators' time costs from 10 November 2008 to 28 February 2009 was provided in their previous progress report Details of the costs for the period 1 March to 31 August 2009 are shown in Section 4

The Administrators have recently sought authority from the Bank to draw remuneration on account of their time costs for the period 1 September 2009 to 31 March 2010 If approved, details will be provided in the Administrators' next statutory report

Extensions to the Administration

The duration of the Administration was extended by six months with the consent of the Bank and preferential creditors until 9 May 2010

The Administration strategy is to -

(i) Conclude VAT matters on settlement of final costs,
(ii) Resolve the Company's potential terminal loss relief claim,
(iii) Obtain tax clearance for the Administration accounting periods,
(iv) Reissue dividend cheques to preferential creditors and otherwise deal with unclaimed dividends, and
(v) Distribute surplus floating charge funds to the Bank

The Company cannot exit from Administration into creditors' voluntary liquidation as there is no prospect of a return to non-preferential unsecured creditors

Compulsory liquidation is not considered to be an appropriate exit from the Administration as it would necessitate the payment of funds into the Insolvency Services Account This would result in statutory fees, which would reduce the amount of funds available for distribution to the Bank

Accordingly, the Administrators have made an application to court for an order extending their term of office by a further six months The court has granted the application and the Administration will now end on 9 November 2010

1. The Joint Administrators' progress report

Next report

The Administrators will circulate a final progress report to the Company's creditors on completion of the Administration Should you have any queries in the meantime, please contact Aidan Donaldson on 020 7804 1402

R W Birchall
Joint Administrator
Elision Limited

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court 9796 of 2008
Full name.	Elision Limited
Trading name:	Elision Limited
Registered number:	04470982
Registered address	12 Plumtree Court, London EC4A 4HT
Company directors:	Mansell Aylward, Martin Ewart, Imran Khan, Mark Stuart-Smith
Company secretary.	Imran Khan
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment	10 November 2008
Administrators' names and addresses.	Robert William Birchall and David Christian Chubb, PricewaterhouseCoopers LLP, Plumtree Court, London, EC4A 4HT
Appointor's name and address:	The directors of the Company
Objective being pursued by the Administrators:	Realising property in order to make a distribution to one or more secured or preferential creditors
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch B1 IA86, all functions to be performed in respect of the administration may be exercised by any or all of the administrators so appointed
Extensions to the period of the Administration.	First from 10 November 2009 to 9 May 2010 with creditors' consent Second from 9 May 2010 to 9 November 2010 by order of the court
End of the Administration:	Dissolution
Estimated dividend for unsecured creditors.	Nil
Estimated values of the prescribed part and the company's net property:	N/A
Whether and why the Administrators intended to apply to court under Section 176A(5) IA86:	N/A
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account

	Receipts and payments to 09/11/2009 £	Transactions 10/11/2009 to 09/05/2010 £	Total receipts and payments to 09/05/2010 £
Receipts			
Sale of business	75,000	51,334	126,334
Office furniture and equipment	80,125	-	80,125
Book debts	411,627	-	411,627
Cash	1,489	-	1,489
Refunds	8,594	1,604	10,198
Interest	4,998	745	5,743
Total receipts	581,833	53,683	635,516
Payments			
Employee costs	29,073	-	29,073
Security	190	-	190
Statutory advertising	179	-	179
Insurance	0	851	851
Bank charges	100	-	100
Mail redirection	149	-75	75
Storage costs	2,699	5,030	7,729
Payroll agents	607	-	607
Statement of affairs' costs	1,000	-	1,000
Utilities	1,477	-	1,477
Legal fees	4,620	-	4,620
Agents' fees and expenses	35,500	-	35,500
Administrators' remuneration	208,972	46,257	255,229
Administrators' Category 1 disbursements	-	75	75
Administrators' Category 2 disbursements	1,298	-	1,298
Distribution to preferential creditors	-	76,387	76,387
Net VAT (payable) / repayable	36,894	35	36,929
Total payments	322,757	128,560	451,317
Balance at bank / (movement)	259,076	-74,877	184,199

4. Analysis of the Joint Administrators' time costs for the period 1 March to 31 August 2009

	HOURS AND COST								
Classification of work function	Partner	Director	Senior Manager	Manager	Senior associate	Associate	Support staff	TOTAL HOURS	TIME COST (£)
	Hours	Hours	Hours	Hours	Hours	Hours	Hours		
Administration and planning									
-Accounting and treasury			3 3	0 2	10 0	11 9	9 8	35 2	5,731
-Insurance			0 6		1 2			1 8	321
-Investigations (CDDA)			1 1		10 1			11 2	1,877
-Reporting			11 2		0 6	12 3		24 1	5,294
-Statutory and compliance	1 5		11 9		5 2	13 3	4 8	36 7	7,702
-Strategy and planning			5 0			5 3		10 3	2,357
-Subsidiary group companies			5 6		2 2			7 8	2,298
-Tax and VAT			1 7	1 2	4 6	0 3		7 8	1,905
Realisation of assets									
-Book debt realisations			1 5	12 8	6 6	9 5		30 3	4,848
-Orderly wind down of operations				6 0	0 5			6 5	1,290
-Other assets				6 0	17 0	1 2		24 2	3,282
-Property					2 9			2 9	637
Creditors									
-Creditors and liabilities			0 9		6 6			7 5	1,444
-Employees and pensions			0 8	2 5	35 4	0 9		39 6	7,273
Total hours	1 5	0 0	43 6	28 7	102 6	54 6	14 6	245 5	
Total fees claimed (£)									46,257
Average hourly rate (£)									188

4. Analysis of the Joint Administrators' time costs for the period 1 March to 31 August 2009

Overview of the Administrators' strategy and objectives

Robert Birchall and David Chubb were appointed Administrators of the Company on 10 November 2008 with the objective of

(a) Primarily, rescuing the Company as a going concern, or failing that
(b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or finally
(c) Realising property in order to make a distribution to one or more secured or preferential creditors

As stated in the Administrators' proposals, objective (b) is being pursued

Summary of legal and other professional firms

The Administrators have instructed the following professionals -

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice	Eversheds LLP	Insolvency specialist lawyers	Time costs
Property agents and others	Edward Symmons	Industry knowledge	Time costs for the valuation / % of proceeds in respect of realisations

All third party professionals are required to submit a time costs analysis and narrative or a schedule of realisations achieved in support of invoices rendered

Office holder's charging and disbursement policy

The time charged to the Administration is by reference to the time properly given by the Administrators and their staff in attending to matters arising
It is the Administrators' policy to delegate tasks in the Administration to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Administrators themselves

Set out below are the relevant charge-out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment
Time is charged by reference to actual work carried out on the assignment There has been no allocation of any general costs or overhead costs

4. Analysis of the Joint Administrators' time costs for the period 1 March to 31 August 2009

Grade	Maximum charge out rate per hour up to 30 June 2009 (£)	Maximum charge out rate per hour from 1 July 2009 (£)
Partner	670	680
Director	570	590
Senior manager	425	450
Manager	365	390
Senior associate – qualified / consultant	310	320
Senior associate – unqualified	220	230
Associate	190	200
Support staff	95	100

Specialist departments within the Administrators' firm such as Tax, VAT, Property and Pensions may charge a small number of hours if and when the Administrators require their expert advice Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour

Grade	Range of charge out rate per hour up to 30 June 2009 (£)	Range of charge out rate per hour from 1 July 2009 (£)
Partner	816 – 833	816 – 833
Director	723 – 740	672 – 740
Senior manager	451 – 689	451 – 689
Manager	391 – 425	391 – 502
Senior associate	221 – 306	221 – 306
Associate	106 – 162	149 – 162
Support staff	85	85

In common with all professional firms, the scale rates used by the Administrators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration Any material amendments to these rates will be advised to the creditors in the next statutory report

The Administrators' firm's expenses policy allows for all properly incurred expenses to be recharged to the case Disbursements for services provided by the Administrators' own firm (Category 2 disbursements) are charged to the assignment as follows -

Photocopying	At 3 pence per sheet copied, only charged for circulars to creditors and other bulk copying
Mileage	At a maximum of 62 pence per mile (up to 2,000cc) or 81 pence per mile (over 2,000cc)

No Category 2 disbursements were drawn in the period under review

4. Analysis of the Joint Administrators' time costs for the period 1 March to 31 August 2009

Narrative of work carried out

The key areas of work have been

Administration and planning

- Accounting and treasury
  - Management of post-Administration bank accounts
  - Liaising with pre-appointment bankers regarding post-appointment credits
  - Processing receipts and payments
  - Undertaking bank reconciliations

- Insurance and pensions policies
  - Liaising with insurers with regard to cancellation of cover and premiums

- Investigations (CDDA)
  - Review of directors' questionnaire responses
  - Review of Companies House data and creditor comments
  - Preparing and submitting conduct return to DBERR (as was)

- Reporting
  - Preparing and submitting reports to the secured creditor, Bank of Scotland Plc

- Statutory and compliance
  - Preparation and circulation of the joint administrators' progress reports and accompanying documentation
  - Preparation and circulation of correspondence to preferential creditors as fee approver
  - Arranging archiving of company books and records in compliance with *Data Protection Act requirements*
  - Liaising with third parties to arrange access to company records
  - Dealing with additional records brought to the Joint Administrators' attention

- Strategy and planning
  - Case management and review of the progress of the Administration
  - Team meetings and discussions to review progress to date and assignment of duties and tasks

- Subsidiary group companies
  - Investigation of assets purportedly owned by the subsidiary Sydoc (UK) Limited

4. Analysis of the Joint Administrators' time costs for the period 1 March to 31 August 2009

  - Liaison with management of an AHT Irish subsidiary regarding availability of company records relating to litigation

- Tax and VAT
  - Preparation, review and submission of post-appointment VAT returns
  - Preliminary planning for preparation of first corporation tax return

Realisation of assets

- Book debt realisations
  - Negotiating with key remaining debtors in settlement of disputes
  - Monitoring and enforcing ongoing collection of recoverable book debts

- Orderly wind down of operations
  - Liaison with utility and other suppliers in respect of invoices and queries received

- Other assets
  - Identifying and pursuing prepayments and possible refunds, including business rates refunds
  - Ongoing reconciliation of the purchaser's sales invoices to identify monies due in respect of sale consideration
  - Arranging storage of third party records and undertaking a reconciliation of records held
  - Liaison with agents and valuers regarding final account of asset realisations

- Property
  - Liaison with local councils regarding responsibility for payment of business rates

Creditors

- *Creditors and liabilities*
  - Dealing with sundry trade creditor and former customer enquiries

- Employees and pensions
  - Replies to third parties in respect of former employee reference requests
  - *Collation of pension scheme information and correspondence* with pension regulator and Redundancy Payments Office ("RPO")
  - Resolving post- redundancy employee queries and other wage issues and queries
  - Preparation and submission of returns to HM Revenue & Customs ("HMRC")
  - Liaison with Redundancy Payments Service ("RPS") regarding rejected or lost employee claims
  - Investigation and liaison with HMRC regarding employee-related queries
  - *Reconciliation of RPS payments made and pursuit of* confirmation of final RPS preferential claim