Rule 2 47

Form 2 24B

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company	Company Number
Elision Limited	01470982

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	to
(b) 10 May 2010	(b) 5 November 2010

Signed ____________________
Joint / Administrator(s)

Dated 5 November 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

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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PRICEWATERHOUSECOOPERS

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

The Joint Administrators' final progress report

5 November 2010

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1. The Joint Administrators' final progress report

Introduction

The Joint Administrators ("the Administrators") previously reported on 13 May 2010 and are pleased to provide their final progress report on the Administration of Elision Limited ("the Company") pursuant to Rules 2 47 and 2 110 of the Insolvency Rules 1986 ("IR86")

The Administrators are required to provide certain statutory information pursuant to Rule 2 47(1)(a) to (d) IR86, which is shown in Section 2 The Administrators are also required to provide a summary of their proposals, which is shown in Section 3

Details of the steps taken during the Administration and the outcome are set out below

Status of the Company on appointment

As at the date of the Administrators' appointment on 10 November 2008 the position was as follows -

- The Company was a subsidary of Arkaga Healthcare & Technology Holdings Limited ("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")
- The Company provided consultative services for the design and implementation of complex claims systems and electronic document management solutions in health and information management Latterly, the Company provided e-marketing scanning systems
- Historically, the Company was profitable but a significant proportion of revenue derived from one key contract which was due to expire in 2008
- In anticipation of the loss of this contract, management actively sought to develop new business streams during 2007 A restructuring plan was also implemented to materially reduce overheads However, despite management's efforts, by spring 2008, the Company had begun to incur trading losses
- In May 2008 a claim was made in the High Court for £33 9 million as a result of a dispute between AHL's principal investors Subsequently, freezing orders were granted over the assets of AHL and certain associated companies
- As a result of the freezing orders, AHT was unable to provide continued administrative and financial support to its respective associated and subsidiary companies, and the Company found itself in increasing difficulty
- Management implemented cost saving measures to mitigate the impact of the freezing orders However, on 6 October 2008 AHT's immediate Jersey-based parent company, Buchanan Smith Limited, was placed "en desastre" (equivalent to liquidation in England and Wales)
- Buchanan Smith Limited's insolvency was a cause for serious concern for the Company's principal lender and secured creditor, Bank of Scotland Plc ("the Bank") and on 10 October 2008, the Bank appointed Robert Birchall and David Chubb as administrators of AHT under the terms of its security
- The Company's situation became critical with support from AHT no longer available The directors sought a buyer for the Company's shares but no credible offers were forthcoming Consequently, after consultation with their professional advisors, the directors concluded that formal insolvency was unavoidable
- On 10 November 2008, Robert Birchall and David Chubb were appointed as administrators of the Company by its directors

Immediately following their appointment, the Administrators took steps to protect and preserve the Company's records and assets Regrettably, the Company was not in a position to continue to trade and the majority of the Company's 34 employees were made redundant A few employees were retained for a short time to assist with asset realisations and an orderly vacation of the Company's premises in Enfield, Essex, Poulton-le-Fylde, Lancashire, Fleetwood and Rotherham

Asset realisations

The Company's tangible assets were sold early in the Administration Realisations of £206,459 include £126,334 for the Company's e-marketing scanning business

Debtor collections total £411,627 and equate to 88% of the overall ledger of £463,865 Recoveries compare favourably with the directors' estimate of £185,000 in their statement of the Company's affairs The remaining book debts are subject to counterclaim and dispute and are irrecoverable

The Administrators were advised by their independent professional agents that there was no premium value in the Company's interests in the leasehold sites in Poulton-le-Fylde and Fleetwood and surrenders were offered to the respective landlords

The interests in the Enfield and Rotherham leased premises were held by associated companies, which were also in Administration

Since the Administrators' previous progress report of 13 May 2010, they have successfully secured the agreement by HM Revenue & Customs ("HMRC") of a terminal loss relief claim This has generated £215,798

The directors' statement of affairs showed book values of other assets comprising capitalised research and development costs of £1 7 million, intercompany debts of £331,000 and prepayments of £178,000 None of these assets were attributed with any realisable value Refunds and cash totalling £11,687 have though been recovered

The Administrators consider that the Company has no further assets to realise

Other issues

Creditors may recall that a considerable amount of client data was stored on the Company's computer hardware and in hard copy, most of which contained personal information

The Administrators were able to arrange for some data to be returned to customers but the vast majority of the Company's clients did not wish to meet the associated costs of transfer or collection Accordingly, the Administrators have had no alternative but to arrange secure storage and destruction of data in accordance with the stringent Data Protection Act requirements

Overall, the handling of the Company's data has necessitated an unforeseen and significant level of involvement by the Administrators and entailed high archiving and destruction costs

All post-appointment corporation tax returns have been filed and the Administrators have obtained final tax clearance from HMRC

The Administrators have complied with their statutory obligations under insolvency, VAT and other legislation

Receipts and payments account

An account of the receipts and payments for the period from 10 May to 4 November 2010 is set out in Section 4

Outcome for creditors

Preferential creditors with claims totalling £76,387 have been repaid in full

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

1. The Joint Administrators' final progress report

As at the date of the Administrators' appointment, the AHL group indebtedness to the Bank totalled approximately £85 5 million Given the extent of the indebtedness, there is no prospect of a return for unsecured creditors from fixed or floating 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 have now been distributed to the Bank

Administrators' remuneration

Since they last reported and with the approval of preferential creditors and the Bank, the Administrators have drawn remuneration totalling £103,056 in respect of their time costs from 1 September 2009 to 30 September 2010, Category 2 disbursements of £275, and a final fee of £9,750 to cover costs from 1 October 2010 to completion of the Administration

Analyses of the Administrators' time costs from 10 November 2008 to 31 August 2009 were provided in previous progress reports Details of the costs incurred in the periods 1 September 2009 to 31 March 2010 and 1 April to 30 September 2010 are shown in Section 5

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

A further six month extension to 9 November 2010 was granted by the court to enable the Administrators to complete asset realisations and distributions

Exit from the Administration

In accordance with the proposals approved by creditors, the Administrators have filed with Companies House notice of move to dissolution on Form 2 35B The Company will be dissolved three months after registration of the notice

As resolved by the Bank and preferential creditors, the Administrators shall be discharged from liability in respect of any action of theirs as Administrators 14 days after they cease to act

Should you have any queries in respect of the above, 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.	1) Six months from 10 November 2009 to 9 May 2010, 2) Six months from 10 May 2010 to 9 November 2010
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. Summary of the Joint Administrators' proposals

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

i) The Administrators will continue to manage and finance the Company's business, affairs and property from asset realisations in such manner as they consider expedient with a view to realising property in order to make distributions to the secured and preferential creditors

ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals

iii) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following option as being the most cost effective and practical in the present circumstances -

Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will either file a notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later, or apply to court under Paragraph 79 Sch B1 IA86 for the Administration to be ended and, if appropriate, for the Company to be placed *into compulsory liquidation*

iv) It is proposed that the Administrators' fees be fixed under Rule 2 106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the Administrators' firm's policy As the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors, it will be for the Bank as secured creditor and preferential creditors to determine these instead

4. Receipts and payments account

	Receipts and payments to 09/05/2010 £	Transactions 10/05/2010 to 04/11/2010 £	Total receipts and payments to 04/11/2010 £
Receipts			
Sale of business	126,334	-	126,334
Office furniture and equipment	80,125	-	80,125
Book debts	411,627	-	411,627
Cash	1,489	-	1,489
Refunds	10,198	-	10,198
Contribution to costs	-	1,000	1,000
Terminal loss relief claim	-	215,798	215,798
Interest	5,743	1,157	6,900
Total receipts	635,516	217,955	853,471
Payments			
Employee costs	29,073	-	29,073
Security	190	-	190
Statutory advertising	179	-	179
Insurance	851	-	851
Bank charges	100	-	100
Mail redirection	75	-	75
Storage costs	7,729	2,650	10,379
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	255,229	112,806	368,035
Administrators' Category 1 disbursements	75	21	96
Administrators' Category 2 disbursements	1,298	275	1,572
Distribution to preferential creditors	76,387	-	76,387
Net VAT (payable) / repayable	36,929	(16,464)	20,464
Total payments	451,317	99,288	550,605
Balance at bank / (movement)	184,199	118,667	302,866

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

A) For the period 1 September 2009 to 31 March 2010

	HOURS AND COST								
Classification of work function	Partner Hours	Director Hours	Senior Manager Hours	Manager Hours	Senior associate Hours	Associate Hours	Support staff Hours	TOTAL HOURS	TIME COST (£)
Administration and planning									
-Accounting and treasury			1 8	0 4	18 9	23 5	0 9	45 5	7,771
-Insurance			0 4		1 1			1 5	325
-Reporting/liaison with the Bank			6 9		7 5	4 0		18 4	4,729
-Statutory and compliance	0 5		8 4		7 4	1 6	1 5	19 4	5,038
-Strategy and planning			5 5		1 1			6 6	2,046
-Subsidiary group companies					0 7			0 7	168
-Tax and VAT	0 3		12 0	4 5	15 0	3 0		34 8	9,663
Realisation of assets									
-Book debt realisations			0 2					0 2	68
-Orderly wind down of operations					0 3			0 3	72
-Other assets			5 7	2 0	35 6			43 3	9,230
-Property			0 1		1 5			1 6	293
Creditors									
-Creditors and liabilities					1 3			1 3	265
-Employees and pensions			2 1		34 0			36 1	6,373
Bank investigation									
-Administrators' time			1 9	4 0	9 2	25 4		40 5	7,829
Total hours	0 8	0 0	45 0	10 9	133 6	57 5	2 4	250 2	
Total fees claimed (£)									53,870
Average hourly rate (£)									220

Category 2 disbursements

	£
Photocopying	30 00
Mileage	0 00
Total	30 00

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

B) For the period 1 April to 30 September 2010

	HOURS AND COST								
Classification of work function	Partner Hours	Director Hours	Senior Manager Hours	Manager Hours	Senior associate Hours	Associate Hours	Support staff Hours	TOTAL HOURS	TIME COST (£)
Administration and planning									
-Accounting and treasury	-	-	3 2	0 3	11 5	7 5	-	22 5	4,840
-Reporting/liaison with the Bank	-	-	4 5	-	5 5	0 0	-	10 0	2,839
-Statutory and compliance	1 0	-	5 9	-	7 5	7 0	-	21 4	5,351
-Strategy and planning	-	-	11 3	-	6 0	-	-	17 3	5,324
-Litigation	-	-	0 0	-	0 7	0 0	-	0 7	173
-Tax and VAT	5 5	-	1 6	32 5	26 3	74 4	-	140 3	24,344
Realisation of assets									
-Other assets	-	-	0 6	-	19 1	2 7	-	22 4	5,209
Creditors									
-Creditors and liabilities	0 3	-	0 2	-	0 4	-	-	0 9	294
-Employees and pensions	-	-	-	-	4 4	-	-	4 4	812
Total hours	6.8	0 0	27 3	32 8	81 4	91 6	0 0	239 9	
Total fees claimed (£)									49,186
Average hourly rate (£)									205

Category 2 disbursements:

	£
Photocopying	245 00
Mileage	0 00
Total	245 00

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

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

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

Grade	Up to 30 June 2010 (£)	From 1 July 2010 (£)
Partner	680	695
Director	590	610
Senior manager	450	470
Manager	390	395
Senior associate – qualified / consultant	320	330
Senior associate – unqualified	230	245
Associate	200	210
Support staff	100	105

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 up to 30 June 2009 (£)	Range from 1 July 2009 (£)
Partner	816 – 833	833
Director	672 – 740	740 – 757
Senior manager	451 – 689	463 – 706
Manager	391 – 502	400 – 514
Senior associate	221 – 306	225 – 315
Associate	149 – 162	166 – 183
Support staff	85	89

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)

Category 2 disbursements drawn in the periods under review consisted of photocopying costs

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

Narrative of work carried out

The key areas of work have been

Administration and planning

- Accounting and treasury
  - Management of post-Administration bank accounts
  - Processing receipts and payments
  - Undertaking bank reconciliations
  - Monitoring of work in progress across work-streams and billing
  - Review and reconciliation of accrued invoices, credits and recharges received from Company's former storage providers
  - Discussions with the same to agree Administration cost
  - Liaising with bankers and monitoring accounts for expected receipts from EDM and HM Revenue & Customs ("HMRC")

- Insurance and pensions policies
  - Liaising with insurers with regard to final premium invoices

- Reporting
  - Preparing and submitting formal reports to the secured creditor, Bank of Scotland Plc ("BoS")
  - Attending subsequent meetings and corresponding with BoS regarding matters arising

- Statutory and compliance
  - Preparation of progress report and documentation in respect of formal request to the Bank and preferential creditors for consent to extend the Administration by six months to 9 May 2010
  - Preparation of the joint administrators' progress report and reviewing witness statement to accompany an application to court to extend the term of the administration to 9 November 2010
  - Liaison with case solicitors regarding the court hearing
  - Preparation and circulation of the joint administrators' progress reports to 9 November 2009 and 9 May 2010 and accompanying documentation
  - Arranging archiving of company books and records in compliance with Data Protection Act requirements
  - Liaison with third parties to arrange access to Company records
  - Dealing with additional records brought to the joint administrators' attention

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

- 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
  - Meetings to discuss appropriate case closure options and associated issues

- Litigation
  - Review of the Company's records held in connection with the AHL principal investors' litigation and AHT

- Subsidiary group companies
  - Review of records to close the file in regard to the Company's subsidiary, Sydoc (UK) Limited

- Tax and VAT
  - Preparation, review and submission of post-appointment VAT returns
  - Review of prior period tax computations and submissions
  - Planning meetings to discuss options to eliminate possibility of post-appointment tax liability
  - Preliminary planning for preparation of final pre-appointment corporation tax return, including review of management accounts information
  - Submission of final pre-appointment corporation tax return and post-appointment returns together with disclosure of terminal loss relief ("TLR") claim
  - Dealing with requests from HMRC for additional information regarding the TLR claim and amounts due to HMRC for unpaid Crown debts, including the sharing of the PAYE reference by AHT, P35 information and the pre-appointment VAT position
  - Substantive discussions with the Inspector of Taxes regarding HMRC's initial internal assessment of the TLR claim and referral to the HMRC policy unit regarding Crown set-off
  - Subsequent agreement with HMRC regarding the amount payable to the Company
  - Liaison with HMRC regarding processing and payment
  - Preparation, review and submission of post-appointment tax returns and request for clearance

Realisation of assets

- Book debt realisations
  - Final review of ledger and collections to close file

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

5. Analysis of the Joint Administrators' time costs for the period 1 September 2009 to 30 September 2010

- Other assets
  - Ongoing discussions with the purchaser of the e-marketing scanning business, EDM, regarding post-completion performance
  - Reconciliation and discussions with EDM in regard to calculating the level of deferred sale consideration due and settlement of the same
  - Dealing with additional records and access requests brought to the joint administrators' attention
  - Arranging storage of third party records and reconciliation of records held
  - Continued liaison with former customers and storage providers regarding location of company and customer records
  - Liaison with third parties to arrange access to Company records and negotiating a contribution to costs
  - Liaison with storage provider to arrange permanent transfer and pre-approved destruction of third party assets

- Property
  - Correspondence with local councils regarding responsibility for payment of business rates on vacated property
  - Liaison with utilities regarding final accounts

Creditors

- Creditors and liabilities
  - Dealing with sundry trade creditors and former customer enquiries

- Employees and pensions
  - Resolving employee queries (after redundancies) and other wage issues/queries
  - Liaison with Redundancy Payments Service ("RPS") regarding rejected / lost employee claims
  - Reconciliation of RPS payments made and pursuit of confirmation of final RPS preferential claim
  - Circulation to preferential creditors of notice of intended dividend
  - Declaration of dividend on admitted preferential claims
  - Liaison with RPS regarding Employment Tribunal ("ET") decision
  - Distribution of preferential dividend to ET awardee
  - Replies to third parties in respect of former employee reference requests
  - Liaison with former employee and arranging reissue of preferential dividend payment

Bank investigation

- Administrators' time
  - Facilitating review of company records on behalf of the Bank in regard to potential causes of action and subsequent liaison with third parties