

The Insolvency Act 1986

# Notice of move from administration

## 2.34B

### to creditors' voluntary liquidation

Name of Company  
**Elision Health Limited**

Company number  
**05505293**

In the **High Court of Justice**  
**Chancery Division Companies Court**

Court case number  
**6684 of 2008**

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

We (a) Robert William Leslie Horton and James Money of Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY

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

having been appointed administrators of (b) Elision Health Limited c/o Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY

(c) Insert date of  
appointment

on (c) 14 August 2008 by (d) the Directors of the Company

(d) Insert name of applicant /  
appointor

hereby give notice that:

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

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

and it is proposed that (e) Robert William Leslie Horton and James Douglas Ernle Money of Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY will be the liquidator(s) of the company (IP No(s) 8922 and 8999 )

We attach a copy of the final progress report.

Signed   
Joint Administrator **RWL Horton**

Dated **13/3/2009**

#### 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

**Darren Fanthorpe, No 1 Bishops Wharf, Walnut Tree Close, Guildford,**

**Surrey, GU1 4RA**

**Tel 01483 407 100**

**DX Number 2476**

**DX Exchange Guildford 1**

SATURDAY



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14/03/2009

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COMPANIES HOUSE

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**

# Smith & Williamson

## Elision Health Limited ( in Administration )

Administrators' Progress Report prepared in accordance  
with Rules 2.47 and 2.110 of The Insolvency Rules 1986  
[as amended by the Insolvency ( amendment )  
Rules 2003 ]

Robert William Leslie Horton and  
James Douglas Ernie Money  
Appointed 14 August 2008

Smith & Williamson Limited  
No 1 Bishops Wharf  
Walnut Tree Close  
Guildford  
GU1 4RA

Ref: EL278/RWLH/DF/AB

12 March 2009

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# **Elision Health Limited ( in Administration )**

"Elision / the Company"

## **1. Introduction**

- 1.1 This report is presented pursuant to Rules 2.47 and 2.110 of The Insolvency Rules 1986 ( as amended by the Insolvency [amendment] Rules 2003 ) [ **"the Rules"** ].
- 1.2 Further to the Administrators' appointment on 14 August 2008, this first and final progress report comments on those matters arising since the Administrators' appointment for the period ended 12 March 2009, and provides a general commentary on the outcome of the administration.
- 1.3 This report should be read in conjunction with the Administrators' previous correspondence to creditors, in particular the Administrators' proposals.

## **2. Executive Summary**

- 2.1 The Administrators have completed the statutory obligations required under the relevant provisions of the insolvency legislation. The purposes of the administration have been sufficiently achieved.
- 2.2 Under the provisions of paragraph 83(1) of Schedule B1 of The Insolvency Act 1986 [ **"the Act"** ], the Administrators think that a distribution will be made to unsecured creditors of the Company. As previously proposed, in the event that the Company has sufficient property with which to permit a distribution to its unsecured creditors, the administration will move to Creditors' Voluntary Liquidation as laid out in Rule 2.117 of the Rules. The Administrators intend to give notice to creditors in this regard.
- 2.3 There are still a number of matters to be dealt with once the Company moves from administration to liquidation, which are detailed below.

### **3. Summary of Administrators' Proposals**

3.1 Under paragraph 3(1) of Schedule B1 of the Act, the Administrators are required to perform their functions with the objective of:

- Rescuing the Company as a going concern;
- achieving a better result for the Company's creditors as a whole that would be likely if Elision was wound up ( without first being in administration );or
- realising property in order to make a distribution to one or more secured or preferential creditors.

3.2 The order that these functions should be carried out is as listed above.

3.3 The Company could not be rescued and objective one could not be achieved.

3.4 The second of the aforementioned objectives has been achieved, since the Company's assets were unlikely to retain any significant value within the context of a liquidation.

3.5 In addition, the third objective is likely to be achieved as a result of the achievement of the second objective.

### **4. Steps taken during the Administration**

#### **Disposal of Elision Healthskills ( "Healthskills" )**

4.1 As previously reported to creditors, Healthskills Consulting Limited [ "**Consulting**" ] purchased Healthskills for a total consideration of £20,000 on 7 August 2008.

4.2 The board of Elision sought prior approval for the disposal of the Healthskills division by way of a variation under the terms of the Freezing Order over the assets of the Arkaga Group [ "**Arkaga**" ], which included the assets of Elision. Partial relief from the freezing order was obtained in order for the board to proceed with this disposal.

4.3 The sale was subsequently ratified by the Administrators.

- 4.4 The funds are presently lodged with the Administrators' solicitors, Edwin Coe LLP [ "**Edwin Coe**" ].

#### **Leasehold Premises in Colton Street, Leicester**

- 4.5 Healthskills occupied leasehold premises in Leicester under a lease entered into by Elision. Consulting did not take up formal occupancy of the premises as a result of the acquisition of Healthskills. Accordingly, the Administrators sought a "special buyer" to take an assignment of the lease.
- 4.6 With the assistance of the ex director of Healthskills, Mrs Anne Tofts, potential interest was identified at two local universities in Leicester.
- 4.7 Some initial, positive interest was generated in the simulation centre at Colton Street, and subsequent viewings of the premises were undertaken. Ultimately, the interested parties were not in a position to take advantage of the opportunities offered by the centre.
- 4.8 Having exhausted the most likely sources of interest in the premises, and in particular the opportunities offered by the simulation centre, the advice received from the Administrators' agents, Edwards Symmons & Partners [ "**ES&P**" ] was that the lease had no realistic value in the current market.
- 4.9 Accordingly, ES&P were instructed by the Administrators to continue with the removal and disposal of the Company's tangible assets located at the premises. Details of the realisations achieved to date are given below.
- 4.10 The Administrators are now seeking a surrender of the Company's interest in the premises.

#### **Disposal of Tangible Assets**

- 4.11 ES&P's original valuation for the tangible assets located at the Colton Street premises was some £9,300 on an *ex situ* basis, assuming a six week disposal period.
- 4.12 ES&P has realised a total of some £5,635 in respect of these assets. The Administrators' initial advice was that demand for such items in the current market and in an *ex situ* basis would be

poor, and that the costs of removal would also reduce the *ex situ* value considerably.

- 4.13 Having exhausted their attempts to dispose of the remaining tangible assets located at the premises, and in all the circumstances, ES&P has confirmed that these assets have no realisable value. Their advice is that the remaining assets should be abandoned, as it is not financially viable to collect, store and dispose of these items at a later date.
- 4.14 The Administrators therefore do not anticipate any further assets realisations from the Company's tangible assets.

#### **Pre-Appointment Debtors**

- 4.15 After further review and analysis, the Administrators have established that Elision was owed some £84,000 by customers at the date of appointment.
- 4.16 Since appointment, approximately £21,363 has been realised in respect of debtors.
- 4.17 As previously advised, University College London Hospital [ "UCLH" ] is the largest debtor, owing some £44,830.
- 4.18 Several of the UCLH invoices are subject to dispute and the Administrators have received no payment to date from UCLH.
- 4.19 The Liquidators will continue with the ongoing debt collection process. The final level of recovery in relation to Elision's debts is wholly uncertain.
- 4.20 For the purposes of this report, it is prudent to apply a general provision of 30% on the remaining balance. This provision may need to be increased as the Liquidators' collection activities continue.

### **5. Receipts and Payments**

- 5.1 Attached to this report, at Appendix II, is an abstract of the Administrators' receipts and payments from 14 August 2008 to 12 March 2009.

#### **Receipts**

- 5.2 During the period, some £21,560 has been received from pre-appointment debtors.
- 5.3 The cash at bank figure at the date of the Administrators' appointment was previously reported as being some £67,643. This balance was overstated by £1,599 due to a post appointment receipt being paid into the Company's account in error. The Administrators returned these monies to the originator. The revised cash at bank figure on appointment is some £66,044.
- 5.4 The Administrators have also realised various sundry refunds totalling some £1,535.
- 5.5 Gross bank interest earned to date is some £645.

### **Payments**

- 5.6 The Administrators refer creditors to Appendix II for details of payments made during the administration to date, which is self-explanatory.
- 5.7 The Administrators do not propose to comment on individual payments for the purpose of this report.

## **6. Remuneration of the Joint Administrators**

- 6.1 The Administrators' fees are charged on a time costs basis, as agreed by a general sanction at the creditors meeting under Rule 2.106(5) of the Rules.
- 6.2 Up to and including 28 February 2009, the Administrators incurred time costs of some £70,153 in dealing with the affairs of Elision.
- 6.3 An analysis of the Administrators' time costs in accordance with revised Statement of Insolvency Practice 9 ( "SIP 9" ) is attached as Appendix III.
- 6.4 To date, the Administrators have drawn and paid fees and expenses of £34,336 and £121 respectively from asset realisations.
- 6.5 Once the Company enters liquidation, any undischarged time costs of the Administrators will rank as a further charge on the assets on the liquidation estate.



## **7. Outcome of the Administration**

### **Secured Creditor**

- 7.1 As previously advised, HBOS registered fixed and floating charges over the property of the Company on 28 July 2008. On appointment, the Company had no indebtedness to HBOS, and the Company's account was in credit. At the same time, a Composite Guarantee was granted to HBOS in respect of lending across the Arkaga group.
- 7.2 It is still unclear whether the HBOS security is effective, as it may have been registered at a time when the Company was insolvent. Additionally, it is unclear to the Administrators what consideration, if any, was given for the security.
- 7.3 The position remains uncertain and the Administrators are continuing to seek legal advice in relation to this matter.

### **Preferential Creditors**

- 7.4 The employees of Healthskills transferred to Consulting under the provisions of the Transfer of Undertakings Protection of Employees regulations 2006 [ "TUPE" ]. As these employees transferred under TUPE, there are no preferential claims in respect of their employment.
- 7.5 The Administrators are not aware of any other claims which maybe afforded preferential status.

### **Unsecured Creditors and the Prescribed Part**

- 7.6 As outlined in the Administrators' original proposals, it is unclear whether the HBOS security is effective. As such, it is uncertain whether the provisions of section 176A(2) of the Act apply in this case.
- 7.7 The Administrators are currently of the view that section 176A does not apply, and that there will be a modest return to unsecured creditors.
- 7.8 The timing and quantum of any dividend to unsecured creditors is uncertain and is entirely dependent on the final level of book debt recovery.

### **Assets to be dealt with in the Administration**

- 7.9 The only remaining asset to be dealt with in the liquidation is the recovery of the Company's pre-appointment debtors. The debt collection process is ongoing and the Administrators would refer creditors to their earlier comments.

## **8. Investigations into the Conduct of the Directors**

- 8.1 The Administrators have made appropriate enquiries into the conduct of the former directors of the Company in accordance with the Company Directors Disqualification Act 1986 [ "**CDDA**" ].
- 8.2 Following the above investigations, an appropriate submission was made to the Department for Business Enterprise and Regulatory Reform [ "**DBERR**" ], in accordance with CDDA.

## **9. Other relevant information**

- 9.1 The Liquidators will continue to deal with all things necessary to collect in the debts due to Elision prior to the Administrators' appointment.
- 9.2 The Liquidators will seek a surrender of the lease at the Colton Street premises in Leicester.
- 9.3 The Liquidators will also seek to formally agree unsecured creditor claims and, if and when appropriate, declare a dividend distribution to unsecured creditors.

## **10. Joint Administrators' Functions**


- 10.1 In accordance with Rule 2.48(1)(c) of the Rules, for the purposes of paragraph 100(2) of Schedule B1 of the Act, on behalf of myself and James Money, it is the standard practice of Smith & Williamson Limited to propose the appointment of two or more office directors for the administration appointment. The reason for this is to ensure that there is always at least one Administrator available to act in the day to day administrative requirements of the appointment.
- 10.2 In this case, Robert Horton has been primarily responsible for all functions to be exercised by us in our capacity as Administrators. James Money has been available to carry out all functions if for whatever reason, Robert Horton was unable to. Any act required or authorised under any enactment to be done by the Joint Administrators may be done by any one of them.

## **11. Conclusions**

- 11.1 The purposes of the administration have been sufficiently satisfied.
- 11.2 Notice of move from administration to Creditors' Voluntary Liquidation, together with a copy of this final report to creditors, will today be filed with the Registrar of Companies in accordance with the provisions of paragraph 83(3) of the Act.
- 11.3 Under the provisions of paragraph 83(6)(A) of the Act, as soon as the Administrators' notice is registered, the Administrators' appointment will cease to have effect and Robert Horton and James Money will be appointed Joint Liquidators.

Should you have any queries in relation to the above, please contact Darren Fanthorpe of this office.

Yours faithfully  
For and on behalf of  
Elision Health Limited



Robert Horton  
**Joint Administrator**

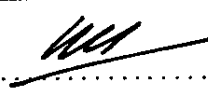
**Elision Health Limited (in Administration)  
“Elision / the Company”**

**Appendix to Progress Report to Creditors Detailing the Information Required  
by Rule 2.47 of the Insolvency Rules 1986**

Relevant Court:	High Court of Justice
Court Reference:	6684 of 2008
Trading Name:	Elision Health Limited
Registered Office:	Smith & Williamson Limited No 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA
Registered number:	05505293
Joint Administrators:	Robert William Leslie Horton & James Douglas Ernle Money Smith & Williamson Limited No 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA
	All functions are to be exercised by the administrators jointly and severally
Date of Appointment:	14 August 2008
Appointor:	Directors
Details of Extensions:	N/A
Receipts and Payments:	An abstract of receipts and payments is attached.
Unrealised Assets:	See attached report

**Elision Health Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 14/08/2008 To 12/03/2009	From 14/08/2008 To 12/03/2009
<b>ASSET REALISATIONS</b>		
Book Debts	21,560.45	21,560.45
Tax Refund	1,344.88	1,344.88
Rates Refund	140.02	140.02
Cash at Bank	66,044.06	66,044.06
Sundry Refund	50.00	50.00
Bank Interest Gross	645.23	645.23
	<u>89,784.64</u>	<u>89,784.64</u>
<b>COST OF REALISATIONS</b>		
Administrators' Fees	34,335.50	34,335.50
Administrators' Expenses	121.40	121.40
Agents/Valuers Fees (1)	457.00	457.00
Legal Fees	7,766.00	7,766.00
Statutory Advertising	279.36	279.36
Bank Charges	21.84	21.84
	<u>(42,981.10)</u>	<u>(42,981.10)</u>
	<u>46,803.54</u>	<u>46,803.54</u>
<b>REPRESENTED BY</b>		
VAT Receivable Flt Chg		6,645.03
Interest Bearing Current Account FLT		40,158.51
		<u>46,803.54</u>

  
 Robert Horton  
 Joint Administrator

**Elision Health Limited**  
**( in Administration )**

Analysis of Administrators' time costs  
14 August 2008 to 28 February 2009

Classification of work function	Hours					Time Cost £	Average hourly rate £
	Director	Manager	Administrator	Support Staff	Cashiers and Compliance	Total hours	
Administration and Planning	37.65	20.20	112.65	4.50	8.15	183.15	33,219
Investigations	0.00	2.40	5.65	0.00	0.00	8.05	911
Realisation of Assets	10.65	21.30	12.75	0.00	0.00	44.70	10,597
Creditors	9.90	37.60	86.25	0.00	12.15	145.90	25,427
Total Hours	58.20	81.50	217.30	4.50	20.30	<u>381.80</u>	
Total Costs						<u>70,153</u>	
Fees Taken						0	
Outstanding						<u><u>70,153</u></u>	