

The Insolvency Act 1986

**Statement of administrator's proposals****2.17B**

Name of Company	Company number
Optasia Medical Limited	05800187
In the	Court case number
High Court of Justice, Chancery Division, Manchester District Registry [full name of court]	1862 of 2010

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

I,  
Charles MacMillan  
St George's House  
215-219 Chester Road  
Manchester M15 4JE

attach a copy of my proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 20 August 2010

Signed

Administrator

Dated

20 August 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 searches of the public record

Simon Monks	
St George's House 215-219 Chester Road Manchester M15 4JE	
Tel 0161 832 4901	
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

DX33050 Cr

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COMPANIES HOUSE

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**Optasia Medical Limited – In Administration**

**Administrator's Report and Statement of Proposals**

**18 August 2010**

## **Optasia Medical Limited – In Administration**

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## Optasia Medical Limited – In Administration

### 1. Statutory Information

Company Name	Optasia Medical Limited
IP Appointed	Charles MacMillan (IP Number 6000)
Date of Appointment	4 August 2010
Appointed By	The Directors of the Company
Trading Names	Optasia / Optasia Medical
Company Number	05800187 (England and Wales)
Date of Incorporation	28 April 2006
Trading Address	Haw Bank House, High Street, Cheadle SK8 1AL
Current Registered Office	St George's House, 215 – 219 Chester Road, Manchester M15 4JE
Previous Registered Office and date of change	Haw Bank House, High Street, Cheadle SK8 1AL
Directors	The directors of the Company in the last three years are

Name	Date of Appointment	Date Resigned
Mr Andrew Newell	15/04/2010	
Mr Ranjeet Bhatia	13/09/2006	
Dr Jean Chaintreuil	13/06/2006	
Dr Alan Brett	31/07/2006	
Dr Peter Steiger	31/07/2006	
Dr Louis Nisbet	01/03/2007	30/10/2009

Company Secretary      The Company Secretary is Ms Rachel J Chadwick

Share Capital      The Company's authorised share capital consists of 3,276,584 ordinary shares with a nominal value of £0.10 each, and 2,459,176 A ordinary shares with a nominal value of £0.10 each

Of these shares, 2,129,432 ordinary shares and 2,459,176 A ordinary shares are issued all of which are fully paid up. They are held as follows

Optasia Medical Limited – In Administration

Name	Class	Number of Shares Held
Foresight 3 VCT Plc	Ordinary	86,126
Image Metrics Limited	Ordinary	2,000,000
Proven Health VCT	Ordinary	64,716
Foresight 3 VCT	A Ordinary	582,436
Proven Health VCT Plc	A Ordinary	561,026
Saffron Hill Ventures Limited	A Ordinary	1,294,304

Court Name and reference High Court of Justice Chancery Division, Manchester District Registry  
Court number 1862 of 2010

EC Regulation The EC Regulations on Insolvency Proceedings 2000 apply to this  
Administration The proceedings are main proceedings as defined by  
Article 3 of the Regulation The Company is based in the  
United Kingdom

## **2. The Administration Procedure**

An administrator must perform their functions with the purpose of achieving one of the following three objectives -

- 1) rescuing the Company as a going concern,
- 2) 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
- 3) realising property in order to make a distribution to one or more secured or preferential creditors

These objectives are listed in order of priority and each one must be considered before moving onto the next. This report contains information to explain how the objectives have been pursued.

### ***Statement of Insolvency Practice 16: Pre-Packaged Sales in Administrations***

Please note that the circumstances of this Administration qualify for SIP16 disclosure in accordance with required practice produced by the Association of Business Recovery Professionals. These disclosure points are addressed in this report.

## **3. Background to the Administration**

Optasia Medical Limited ("the Company") was introduced to Beever and Struthers by Dermot Preston of HBJ Gateley Wareing (Manchester) LLP.

An initial meeting to discuss the Company's position was set up and held on 23 July 2010 between Charles MacMillan of Beever and Struthers, Dermot Preston of HBJ Gateley Wareing LLP and Dr Alan Brett, a director of the Company.

At this meeting it was established that the Company has been the promoter of a digital imaging product that allows the medical profession a better sight of x-rays. The product is being used on a trial basis in a limited fashion in Europe but is apparently well received.

An application has been made to a relevant body in the USA for a license to introduce the product to the US market, which is viewed as the most lucrative market available. This process has been ongoing for 12 months and, while it is hoped it will be resolved shortly, could yet take a further 12 months. The Company will not be profitable until it has penetrated the US market.

The Company is funded by a bank loan provided by The Royal Bank of Scotland ("RBS"), which is backed by the government's Small Firm Loan Guarantee Scheme. This is secured by way of a first ranking fixed and floating charge over the assets of the Company.

In addition, there are three institutional investors, namely Saffron Hill Ventures Limited ("Saffron"), Foresight 3 VCT Plc ("Foresight") and Proven Health VCT Plc ("Proven"). These creditors are secured by way of a fixed and floating charge over the assets of the Company, ranking equally behind RBS.

Discussions have been ongoing with Foresight and Proven in the month prior to 23 July 2010 regarding the most recent tranche of investment funds to be paid to the Company to fund ongoing

## Optasia Medical Limited – In Administration

trading. It was established, however, at a board meeting held on 22 July 2010 that this tranche was not going to be paid.

The Company was relying on this latest instalment of investment funds to fund ongoing trading as current working capital has run dry. As a result of the investors' decision not to provide funding, the Company's directors approached HBJ Gateley Wareing LLP for advice, who in turn approached Charles MacMillan of Beever and Struthers.

Notice of intention to appoint an Administrator was filed in Court on 27 July 2010. Charles MacMillan of Beever and Struthers was appointed as Administrator of the Company by the Directors on 4 August 2010. Charles MacMillan is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales.

### 4. Administration Strategy and Objective

#### *Objective*

As noted above, the Administrator must perform his functions with the purpose of achieving one of the following three objectives -

- 1) rescuing the Company as a going concern,
- 2) 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
- 3) realising property in order to make a distribution to one or more secured or preferential creditors.

Due to the nature of the Company's business it relied on investment funding to provide the working capital it required in developing its product and bringing it to the appropriate markets. Although funding had been secured, the majority of this investment was received in tranches in order that the relevant investors were able to review their portfolios and assess whether the lending terms still fit with their business model.

The Company's latest tranche of funding was not forthcoming leaving it with no working capital with which to trade. The prospect of rescuing the Company as a going concern was, therefore, not viable.

One of the options available to the Company was that of liquidation. In this situation the Company's employees would have been dismissed and its assets sold on a piecemeal basis in an attempt to recover as much funds as possible for the Company's creditors. The problem with this course of action, however, was that the majority of the Company's value was in its employees as they are the source of the knowledge used to develop the Company's product.

As such, the Company had a far higher value if its assets (including employee knowledge/intellectual property) were sold together as a business than if they were sold on a break-up basis. Administration provides the ideal platform by which to maximise realisations, primarily due to the inherent protection of a moratorium whilst the business is marketed for sale.

With this in mind, the Administrator is pursuing the second objective of Administration, that of 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).

## ***Strategy***

### ***Alternative Courses of Action***

Given that the Company's working capital had run out, any mechanism to allow for continued trade, such as a Company Voluntary Arrangement, was not an option. In addition, existing funders were no longer willing to continue to inject money into the business. It was therefore not appropriate to continue to trade the business and force a going concern sale once the Company was in Administration.

In light of this, the only other feasible option available to the Company was that of liquidation. This would have, however, significantly reduced asset realisations due to the certain loss of key employees, therefore, the Company's intellectual property.

A comparison of the estimated outcome in liquidation to that of administration can be seen at **Appendix E**.

### ***Potential Funders***

A meeting was held with RBS on 26 July 2010, at which the bank confirmed that it was withdrawing the existing loan facility as the Company was no longer in a position to make the required loan repayments. In addition, the existing institutional funders would not provide the expected tranche payment due to the Company's business model no longer suiting their own internal policies.

Given that RBS had withdrawn the existing facility and in view of the timescales dictated by the Company's position, it was highly unlikely that a new investor/funder could be found to provide the Company with working capital due to the Company already being highly leveraged.

### ***Marketing the Business***

A strategy to sell the business of the Company to the highest bidder was agreed and initial negotiations commenced prior to the appointment of the Administrator. On 29 July 2010 initial enquiries were made of the Company's institutional investors given their existing stakeholding in the Company and these parties were invited to come forward and make an offer.

It was also agreed, however, that the relevant market should be tested in order that all parties can be satisfied that the best offer for the company's assets is achieved. Due to the specialised product that the Company produced, a strategy to target a general market was not suitable.

### ***Interested Parties***

During the two week period between 29 July 2010 and 9 August 2010 various negotiations took place between the Company and interested parties regarding the potential purchase of the Company's business. These interested parties consisted of existing investors and direct competitors. Altogether, a total of eight interested parties were identified.

Of these parties, five required a three-to-six month period to comply with due diligence procedures given that they were publicly listed companies and would need to make any purchase fully justifiable to their shareholders. This timescale would force the Company to cease trading and



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result in the loss of key employees. As these employees held the majority of the Company's value in the form of intellectual property, a reasonably forthright sale was required in order to enhance value for the benefit of the Company's creditors.

As a result, three interested parties remained, one of which being a company known as SHV Medical Limited ("SHV"), who had expressed an interest in purchasing the assets of the Company throughout all negotiations. This firm is headed up by Ranjeet Bhatia, who is a Company director and also a director of the Company's largest secured creditor, Saffron Hill Ventures Limited.

An offer of £28,000 was received on 29 July 2010 from SHV via Ranjeet Bhatia. Following advice obtained from our agents, Sanderson Weatherall LLP ("Sanderson"), SHV was informed that this offer could not be accepted as it did not reflect the true worth of the Company.

Leading on from this initial offer, discussions continued with the two other interested parties, the existing funders of the Company, Foresight and Proven. Eventually, both parties confirmed that they were not in a position to mount a bid in light of their existing exposure.

### *Consultation with Major Creditors*

As already noted the Company's major creditors are RBS, Saffron, Foresight and Proven. All four of these stakeholders were kept informed of all negotiations and were also given the opportunity to put a bid in for the purchase of the business.

### *Valuations Obtained*

As noted above, Charles MacMillan instructed Sanderson to act as independent asset valuers and provide a valuation of the Company's business and assets. Sanderson were of the opinion that the Company's total assets were valued in the region of £50,000 to £100,000. Specifically, the physical office equipment the Company has was valued at £5,000.

### *Agreed Sale*

SHV increased their offer to £100,000 on 4 August 2010. Given that no other offers looked to be forthcoming and the inherent time pressure in maximising realisations, in particular in relation to the Company's intellectual property, it was decided that the £100,000 offer from SHV be accepted and a sales contract was appropriately drawn up.

### *Nature of Transaction Details of Assets Sold*

The sale agreed was effected on 9 August 2010 and consists of the business and assets of the Company to SHV Medical Limited (CRN – 07327556 England & Wales) detailed as follows:

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Asset Category	Consideration (£)
Book Debts	15,000
Fixtures, Fittings & Office Equipment	5,000
Pre Paid Rent	7,297
Intellectual Property	72,703
<b>Total</b>	<b>100,000</b>

In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a connected party of the Company

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
9 August 2010	Purchase of assets as detailed above	£100,000, of which 50% was due immediately, and 50% due on a deferred basis	SHV Medical Limited	Common Directorship

*Consideration and Terms of Payment*

As noted above, the agreed consideration for the Company's business and assets is £100,000 payable by means of £50,000 immediately and £50,000 payable either when SHV reach a specified revenue target or by 31 July 2011, whichever is sooner. I can confirm that £50,000 was received by our solicitors on 12 August 2010.

This specified revenue target has been defined as being "sales revenues of £200,000 generated from point-of-care sales from products approved for sale and distribution by the US Food and Drug Administration".

Please note that the following individuals, being directors of the Company, will be involved in the management of SHV going forward:

Mr Ranjeet Bhatia  
Dr Alan Brett  
Dr Peter Steiger

**Other Assets**

*VAT*

The books and records of the Company indicate that a VAT repayment of £4,774 is due in respect of the final VAT quarter prior to our appointment. Upon receiving the relevant return from HM Revenue and Customs, this will be submitted accordingly.

*Corporation Tax*

The nature of the Company's trade suggests that a corporation tax refund may be due. This matter will be investigated accordingly and any realisations reported in my next report, should there be any.

## **5. Administrator's Receipts and Payments**

A summary of receipts and payments for the Administration period from the date of my appointment to 18 August 2010 is attached at **Appendix A**.

Although this receipts and payments account does not show the £50,000 up front consideration agreed with SHV, the relevant sale agreement explicitly states that this is to be paid to the Administrator's solicitors, and I have received confirmation that this has been received. Our solicitors are in the process of transferring these funds net of their costs of £10,750 plus VAT and a fixed charge dividend paid to RBS of £20,000. This dividend payment has been reflected in the attached Receipts and Payments Account.

## **6. Financial Position**

Attached at **Appendix B** is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrator.

## **7. Proposals**

It is proposed that the Administrator continues to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances, it is proposed that:

- 1) Survival of the existing Company is not achievable, therefore, the Administrator is pursuing the second objective of Administration.
- 2) If, having realised the assets of the Company, the Administrator thinks that a distribution will be made to the unsecured creditors, he proposes filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrator to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("CVL") in order that the distribution can be made. In these circumstances, it is proposed that the Administrator will become the Liquidator of the CVL. See Section 7 below on **Exit Routes** for further information on this process.
- 3) If the Administrator thinks that the Company has no property that might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.
- 4) The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 5) The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrator's remuneration and any

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proposed act on the part of the Administrator without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration

- 6) Where no Creditors' Committee is appointed, the remuneration of the Administrator shall be fixed by reference to time properly spent by them and his staff in managing the Administration
- 7) The Administrator be authorised to draw remuneration as and when funds are available on account of his time costs
- 8) The Administrator be authorised to draw remuneration as and when funds are available on account of his pre appointment time costs
- 9) The Administrator will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect

## 8. Exit Routes

### *Creditors Voluntary Liquidation*

Based on present information, the Administrator does not anticipate that a dividend will be paid to the unsecured creditors of the Company. In the unforeseen event that funds become available to pay secured creditors in full and enable a dividend to be paid to unsecured creditors, the Administrator will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL. It is proposed that the Administrator will also become the Liquidator of the CVL.

Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrator prior to these proposals being approved. Where this occurs, the Administrator will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrator will automatically become the Liquidator of the subsequent CVL.

### *Dissolution of the Company*

If the Administrator thinks that the Company has no property which might permit a distribution to its creditors, he proposes filing a notice together with our final progress report at Court and with the Registrar of Companies for the dissolution of the Company. We shall send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

## 9. Administrator's Remuneration

The Administrator's time costs at 18 August 2010 are £3,711. This represents 22.4 hours at an average rate of £165.67 per hour. A copy of "A Creditors' Guide to Administrators' fees" can be downloaded from the ICAEW website ([www.icaew.com](http://www.icaew.com) – select 'Technical', 'Members', 'Practice', 'Regulated areas', 'Insolvency' and 'Creditors guides'). If you would prefer this to be sent to you in hard copy please contact us and we will forward a copy to you.

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Attached at **Appendix C** is a Time Analysis, which provides details of the activity costs incurred by staff grade to the above date. We propose drawing fees in accordance with the proposals outlined above.

Please note that pre appointment time costs in this matter amount to £4,386. This represents 23.8 hours at an average rate of £184.29 per hour. These costs are in respect of negotiations relating to the sale of the assets of the Company and the steps necessary to place the Company into Administration.

Attached at **Appendix D** is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

The areas requiring most work to date are in respect of the negotiations in relation to the sale of the Company's business and assets, work carried out in setting up our records, and complying with statutory requirements, in particular in relation to appointment notification.

### 10. Estimated Outcome

An estimate of the outcome of the Administration as at 4 August 2010 is attached at **Appendix E**, together with notes. This indicates that higher realisations are achievable in Administration than if the Company were wound up.

#### *The Prescribed Part (s176A Insolvency Act 1986)*

The Company granted a floating charge to The Royal Bank of Scotland on 4 November 2008. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors, known as the Prescribed Part Fund. This fund is calculated as follows:

	£
50% of first £10,000 of net property	X
20% of remaining net property	X
<b>Prescribed Part Fund</b>	<u>X</u> *

\*Please note that the Prescribed Part Fund cannot total in excess of £600,000.

Section 176A(3) of the Insolvency Act 1986 specifies that, where the Company's net property is less than the prescribed minimum (being £10,000) and the Administrator is of the opinion that the costs of making a distribution to the unsecured creditors of the Company will outweigh the benefit, the Prescribed Part Fund shall not apply.

As per the attached Estimated Outcome Statement, I estimate the value of the Company's net floating charge property to be £2,981. I am of the opinion that the costs of making a distribution to the unsecured creditors of the Company will outweigh the benefit, therefore, I will not be applying the Prescribed Part Fund.

Should additional realisations be made, in particular in relation to the potential corporation tax refund, the position with regards the Prescribed Part Fund will be reassessed.

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**11. Next Report**

The Administrator is required to provide a progress report within one month of the end of the first six months of the Administration

**12. Meeting of Creditors**

The Administrator thinks that the Company has insufficient property to enable a distribution to be made to the unsecured creditors. In accordance with Paragraph 52 (1) (b) of Schedule B1 of The Insolvency Act 1986 an initial meeting of the Company's creditors is therefore not being convened. The Administrator is however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form on or before 2 September 2010.

Yours faithfully  
*For and on behalf of Optasia Medical Limited*

A handwritten signature in black ink, appearing to read 'Charles MacMillan', with a long horizontal line extending to the right.

**Charles MacMillan**  
*Administrator*

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## Receipts and Payments Account for the Period from 4 August 2010 to 18 August 2010

SOA Value £		£	£
	SECURED ASSETS		
72,703 00	Property Rights / Patents	<u>20,000 00</u>	20,000 00
	SECURED CREDITORS		
(1,037,447 00)	Claims	<u>(20,000 00)</u>	(20,000 00)
	ASSET REALISATIONS		
15,000 00	Debtors (Pre-Appointment)	-	-
5,000 00	Furniture, Fixtures and Fittings	-	-
7,297 00	Pre Paid Rent	-	-
4,774 00	VAT Repaymant	<u>-</u>	-
	UNSECURED CREDITORS		
(64,008 00)	Unsecured Creditors	<u>-</u>	-
	EQUITY		
(243,777 00)	A Ordinary	-	-
(215,084 00)	Ordinary	<u>-</u>	-
<u>(1,455,542 00)</u>			<u><u>-</u></u>

## Summary of the Directors' Statement of Affairs of the Company as at 4 August 2010

	Book Value £	Estimated to Realise £
<b>ASSETS SUBJECT TO FIXED CHARGE</b>		
Property Rights / Patents	266,730	72,703
Less Amounts Owing to The Royal Bank of Scotland	(238,492)	(238,492)
	<u>28,238</u>	<u>(165,789)</u>
Property Rights / Patents (Surplus from Above)	28,238	-
Less Amounts owing to Saffron/Foresight/Proven	(798,955)	(798,955)
	<u>(770,717)</u>	<u>(798,955)</u>
<b>ASSETS SUBJECT TO FLOATING CHARGE</b>		
Debtors (Pre Appointment)	17,839	15,000
Furniture, Fixtures and Fittings	6,596	5,000
Inter Company Debtor	1,267,089	-
Other Pre Payments & Accrued Income	86,770	-
Pre Paid Rent	7,297	7,297
Rent Deposits	20,533	-
VAT Repayment	4,774	4,774
Available to Preferential Creditors	<u>1,410,898</u>	<u>32,071</u>
Preferential Creditors		-
Surplus as Regards Preferential Creditors		32,071
Prescribed Part Fund c/f		<u>(9,414)</u>
Available to the Floating Charge Creditors		<u>22,657</u>
Floating Charge Claims		<u>(964,744)</u>
Deficit as Regards Floating Charge Creditors		<u><u>(942,087)</u></u>
Prescribed Part Fund b/d		9,414
Unsecured Creditors		<u>(64,008)</u>
Deficiency as Regards Unsecured Creditors		<u>(54,594)</u>
Deficiency in Floating Charge b/d		<u>(942,087)</u>
Deficiency as Regards Creditors		<u>(996,681)</u>
Ordinary Shares		<u>(215,084)</u>
A Ordinary Shares		<u>(243,777)</u>
Deficiency as Regards Members		<u><u>(1,455,542)</u></u>



## Summary of the Directors' Statement of Affairs of the Company as at 4 August 2010

## Company Creditors

Name of Creditor or Claimant	Address (with Postcode)	Amount of Debt (£)	Details of Any Security Held	Date Security Given	Amount of Security (£)
Beringea	39 Earham Street London WC2H 9LT	3,525 00			
Concise IT	2 Royal Court, Gadbrook Park Northwich CW9 7UT	8,507 00			
Exomedica Limited	53 Chandos Place London WC2N 4HS	184 00			
Foresight Group	ECA Court, South Park Sevenoaks TN13 1DU	5 98			
HM Revenue and Customs	Trinity Bridge House, 2 Dearmans Place Manchester M3 5DS	12,880 90			
Interior Plant Design Limited	Hayhead Farm Nurseries, Twemlow Lane Homes Chapel CW4 8EX	177 19			
Internet Central	Innovation Centre, Keele Science Park Keele ST5 5NB	23 50			
ISS Facility Services	51 - 60 Futura Park, Aspinall Way Horwich BL6 6SU	253 72			
Klearwater Business Water Cooler Systems	PO Box 356 Wilmslow SK9 0BJ	253 80			
Moorepay	2nd Floor, Warwick House, Hollinsbrook Way Bury BL9 8RR	68 00			
PricewaterhouseCoopers LLP	101 Barbirolli Square, Lower Mosley Street Manchester M2 3PW	5,757 50			
RJC Financial Consulting Limited	42 Old Wool Lane, Cheadle Hulme Cheadle SK8 5JA	6,110 00			

## Summary of the Directors' Statement of Affairs of the Company as at 4 August 2010

Name of Creditor or Claimant	Address (with Postcode)	Amount of Debt (£)	Details of Any Security Held	Date Security Given	Amount of Security (£)
Saffron/Foresight/Proven	Various	798,955 00	Fixed and floating charge over the assets of the company	15/04/10	798,955 00
Sharples Group	Tatton Court, Kingsland Grange, Warrington Cheshire WA1 4RR	48 48			
Stockport MBC	Finance Division, Stopford House, Piccadilly Stockport SK1 3XE	16,401 00			
Take Solutions Inc	4901 Waters Edge Drive, Suite 101 Raleigh NC 27606 USA	8,355 06			
The Royal Bank of Scotland Plc	27 Great Underbank Stockport SK1 1LN	238,492 00	Fixed and floating charge over the assets of the company	04/11/08	238,492 00
Timico Limited	Beacon Hill Park Newark NG24 2TN	1,305 71			
TML	Dryden House, The Edge Business Centre, Humber Road London NW2 6EW	151 65			

## Summary of the Directors' Statement of Affairs of the Company as at 4 August 2010

## Shareholder Detail

Name of Shareholder	Address (with Postcode)	Type of Shares Held	Nominal Amount of Shares (£)	Number of Shares Held	Amount Per Share Called Up
FORESIGHT 3 VCT	No 1 Colmore Square, Birmingham B4 6AA	Ordinary	0 10	64,716	6,471 60
IMAGE METRICS LIMITED	2nd Floor, Park Gate 25 Milton Park Abingdon Oxfordshire OX14 4SH	Ordinary	0 10	2,000,000	200,000 00
PROVEN HEALTH VCT	39 Earlham Street, London WC2H 9LT	Ordinary	0 10	86,126	8,612 60
FORESIGHT 3 VCT	No 1 Colmore Square Birmingham B4 6AA Birmingham B4 6AA	A Ordinary	0 10	582,436	58,243 60
PROVEN HEALTH VCT	39 Earlham Street London WC2H 9LT London WC2H 9LT	A Ordinary	0 10	561,026	56,102 60
SAFFRON HILL VENTURES LIMITED	12 New Fetter Lane London EC4A 1AG London EC4A 1AG	A Ordinary	0 10	1,294,304	129,430 40

## Time Analysis for the Period from 4 August 2010 to 18 August 2010

	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Amount (£)	Average Rate (£)
Administration & Planning	1 00	0 80	3 20	0 00	5 00	858 00	171 60
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets	4 50	0 00	1 80	0 00	6 30	1,521 00	241 43
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	11 10	0 00	11 10	1,332 00	120 00
Total Hours	5 50	0 80	16 10	0 00	22 40		
Amount (£)	1,595 00	184 00	1,932 00	0 00		3,711 00	
Average Rate (£)	290 00	230 00	120 00	0 00			165 67

## Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9

### 1 Policy

Detailed below is Beaver & Struthers' policy in relation to -

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

#### 1.1 *Staff Allocation and the use of Sub-contractors*

We have not utilised the services of any sub-contractors in this case. If we have, provide details here.

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Senior Manager or Manager, a Case Administrator and a support team. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent on treasury matters in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

#### 1.2 *Professional Advisors*

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Sanderson Weatherall LLP (agent/asset valuer)	Hourly rate and disbursements
HBJ Gateley Wareing (Manchester) LLP	Hourly rate and disbursements
AUA Insolvency Risk Services (insurance)	Risk based premium
AUA Insolvency Risk Services (statutory bond)	Scale rate

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

#### 1.3 *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the

**Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9**

case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

**2 Beever and Struthers: Corporate Recovery and Insolvency Charge Out Rates**

	<b>Rate Per Hour £</b>
Partner	290
Senior Manager/Manager	230
Senior Professional	120
Other Professional	75

## Estimated Outcome Statement as at 18 August 2010

	Notes	Administration £	Liquidation £
<b>ASSETS SUBJECT TO FIXED CHARGE</b>			
Property Rights / Patents	1	72,703	-
Amounts Owed to The Royal Bank of Scotland		(238,492)	(238,492)
		<u>(165,789)</u>	<u>(238,492)</u>
<b>ASSETS SUBJECT TO FLOATING CHARGE</b>			
Debtors	2	15,000	11,250
Furniture, Fixtures and Fittings		5,000	5,000
Pre Paid Rent	3	7,297	-
VAT Repayment		4,774	4,774
		<u>32,071</u>	<u>21,024</u>
<b>COSTS OF ADMINISTRATION/LIQUIDATION</b>			
Administrator's Fees	4	15,000	
Liquidator's Fees	4		10,000
Secretary of State Fee	5		5,124
Official Receiver's Fee	6		2,500
Petitioning Costs	7		2,000
Legal Fees	8	10,750	1,000
Agent's / Valuer's Fee		3,250	3,250
Statutory Bond	9	90	40
		<u>(29,090)</u>	<u>(23,914)</u>
Net Property		2,981	(2,890)
Prescribed Part Fund	10	-	-
Amounts Available to Unsecured Creditors		2,981	(2,890)
Unsecured Creditors		<u>(64,008)</u>	<u>(64,008)</u>
Deficit as Regards Unsecured Creditors		<u>(61,027)</u>	<u>(66,898)</u>
Deficit as Regards RBS b/d		(165,789)	(238,492)
Amounts Owed to Other Secured Creditors		<u>(798,955)</u>	<u>(798,955)</u>
Total Deficit as Regards Creditors		<u><u>(964,744)</u></u>	<u><u>(1,037,447)</u></u>

**Estimated Outcome Statement as at 18 August 2010**

**Notes to Estimated Outcome Statement**

**1 Property Rights / Patents**

The major asset of the Company is that of the knowledge held by its employees. In a liquidation scenario, all employees would be dismissed and the intellectual property therein would be lost.

**2 Debtors**

The book value of the Company's debts on appointment was £17,839. Realistically, not all of this can be realised due to the inevitability of bad debts arising. As such, a sale of these book debts for £15,000 was agreed in Administration.

In a liquidation scenario, the impact of bad and doubtful debts is likely to be more severe as debtors view this as a reason not to pay, therefore, a general provision of 25% has been applied.

**3 Pre Paid Rent**

As Administration has allowed for the purchaser to continue the Company's trade, the Company's existing premises are required going forward. This created a pre paid rent asset in respect of rent paid in advance by the Company.

In a liquidation scenario, the premises would not have been required and the relevant lease would have been breached. As a result, the pre paid rent could not have been realised.

**4 Administrator's / Liquidator's Fees**

Due to the work involved in marketing the business, as well as other statutory compliance, fees will be higher in Administration than in liquidation.

**5 Secretary of State Fee**

On winding up, it is a requirement that realisations are banked with the Insolvency Services. Upon banking such funds, a secretary of state fee is automatically deducted as follows:

- 0% on first £2,500
- 100% on next £1,700
- 75% on next £1,500
- 15% on next £396,000
- 1% on balance until £80,000 taken in fees



**Estimated Outcome Statement as at 18 August 2010**

**6 Official Receiver's Fee**

This is a statutory fee charged by the Official Receiver's office on taking charge of a winding up

**7 Petitioning Costs**

This is the Court fee payable on presenting a winding up petition

**8 Legal Fees**

Legal fees will be higher in Administration due to the necessity to produce a comprehensive sale agreement in respect of the sale of the business and assets of the Company

In liquidation, legal fees could be incurred in respect of assisting with the collection of book debts

**9 Statutory Bond**

This is an insurance bond required in all insolvency cases by statute and is based on a scale rate according to the level of asset realisations

**10 The Prescribed Part Fund**

The Prescribed Part Fund has been explained in more detail in the main body of this report. The calculation is not applied where net property is less than £10,000