

The Insolvency Act 1986

Administrator's progress report

Name of Company OPT Realisations Limited	Company number 05800187
In the High Court of Justice Chancery Division, Manchester District Registry <small>[full name of court]</small>	Court case number 1862 of 2010

(a) Insert full name(s) and
address(es) of
administrator(s)I / We (a) Charles MacMillan of Beever and Struthers, St George's House, 215-219 Chester
Road, Manchester M15 4JE

administrator of the above company attach a progress report for the period

from

to

(b) 4 August 2010

(b) 3 February 2011

(b) Insert dates

Signed

Charles MacMillan
Administrator

Dated 18 February 2011

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.

	Tel
DX Number	DX Exchange

have completed and signed this form please send it to the Registrar of Companies at

House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

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22/02/2011
COMPANIES HOUSE

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**OPT Realisations Limited – In Administration
Formerly Optasia Medical Limited**

Administrator's Progress Report

For the period 4 August 2010 to 3 February 2011

Notice: About this report

This Report has been prepared by Charles MacMillan, the Administrator of OPT Realisations Limited, solely to comply with his statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in OPT Realisations Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so as their own risk. To the fullest extent permitted by law, the Administrator does not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Charles MacMillan is authorised to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales.

The Administrator acts as an agent for OPT Realisations Limited and contracts without personal liability.

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1 Statutory Information

- 1.1 I am required to disclose the following information in accordance with Rule 2.47 (a-d) of The Insolvency Rules 1986 -

Company Name	OPT Realisations Limited ("the Company")
Previous Company Name	Optasia Medical Limited
Company Number	05800187
Date of Incorporation	28 April 2006
Principal trading activity	Development of software to aid medical image understanding
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
Administrator's Name	Charles MacMillan
Administrator's Address	St George's House, 215-219 Chester Road, Manchester M15 4JE
Date of Appointment	4 August 2010
Name of Appointor	The Directors of the Company
Address of Appointor	Haw Bank House, High Street, Cheadle SK8 1AL
Court details	High Court of Justice Chancery Division, Manchester District Registry
Court reference number	1862 of 2010
Auditors/Accountants	PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester M1 3ED
Bankers	The Company's bank is The Royal Bank of Scotland Plc at Haw Bank House, High Street, Cheadle SK8 1AL who hold a fixed and floating charge dated 4 November 2008 over the assets of the Company

2 Progress of the Administration

- 2.1 As detailed in my Report and Statement of Proposals dated 18 August 2010 ("the Proposals"), the three objectives of administration are detailed as follows -

- 1) to rescue the Company as a going concern, or
 - 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
- 2.2 These objectives are listed in order of priority and each must be considered an option before moving to the next. Whilst advising the Company and its Directors in relation to its debts it was established that objectives 1) and 2) were not viable options, therefore, the purpose of this administration is that of objective 3)
- 2.3 Attached at **Appendix A** is my Receipts and Payments Account for the period from 4 August 2010 to 3 February 2011
- 2.4 The majority of asset realisations achieved during the six month period to 3 February 2011 relate to a sale agreement between the Company and SHV Medical Limited ("SHV") dated 12 August 2010 ("the Sale Agreement"). The Sale Agreement included all assets of the Company and progress with regards realising these assets can be summarised as follows

Asset Sold	Sale Price (£)	Realised to 3 February 2011 (£)	Further Anticipated Realisations (£)
Book debts	15,000	15,000	-
Fixtures, fittings and office equipment	5,000	5,000	-
Pre-paid rent	7,297	7,297	-
Intellectual property	72,703	22,703	50,000
Totals	100,000	50,000	50,000

- 2.5 Of the total sales consideration, £50,000 was payable immediately after signing the Sale Agreement and the remaining £50,000 is payable on a deferred basis. Further information with regards this deferred amount is at section three below
- 2.6 In addition to the assets detailed above, the Directors' Estimated Statement of Affairs detailed a pre-appointment VAT refund due to the Company of £4,774 and the relevant return for this refund has been submitted. HM Revenue and Customs have confirmed that they are exercising their right to set this refund due against debts owed by the Company in respect of PAYE and NIC, therefore, this refund will not be received. Overall claims against the Company will be reduced by the same amount

3 Assets Still to be Realised

Intellectual Property

- 3.1 An amount of £50,000 remains outstanding from SHV in respect of the Sale Agreement and is to be allocated to Intellectual Property. This is payable on a deferred basis and becomes due on the earlier of a) SHV achieving a specific revenue target, or b) 31 July 2011

- 3 2 SHV have confirmed that this specific revenue target has not been achieved and are requesting an extension to the deferred dated from 31 July 2011 to 30 September 2011. We are currently in discussions regarding this and creditors will be notified in due course

Rent Deposit Deed

- 3 3 Bruntwood Limited ("Bruntwood"), the Company's landlord, have informed me that the Company provided a rent deposit deed to them as security for payment of rent. As at the date of my appointment this deposit amounted to £20,525
- 3 4 I understand from conversations with Bruntwood that there has been difficulty in agreeing terms for a new lease with the successor company, SHV. These disagreements have resulted in Bruntwood calling on the rent deposit deed in full
- 3 5 Given that this rent deposit deed was in the Company's name I am contending that it should be repaid by SHV, with these proceeds coming into the Administration estate. A letter has been sent to SHV demanding payment and I am currently awaiting a response. At this stage I am unable to provide any certainty as regards the likelihood of any realisations in respect of the rent deposit deed and creditors will be notified in due course

4 Investigations

- 4 1 Within six months of my appointment as administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make them unfit to be concerned with the management of a company. I confirm that this report has been submitted

5 Administrator's Remuneration

- 5 1 Secured Creditors approved that the basis of the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration by formal vote in the prescribed form
- 5 2 The Administrator's time costs at 3 February 2011 are £18,658 of which £14,947 was charged in the period between the Proposals and 3 February 2011. Total time costs represent 115.1 hours at an average rate of £162.10 per hour
- 5 3 Attached at **Appendix B** is a Time Analysis, which provides details of the activity costs incurred by staff grade during this period. To date £12,500 has been drawn on account of time costs incurred
- 5 4 Attached at **Appendix C** 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
- 5 5 A description of the routine work undertaken in the Administration to date includes -
- 5 5 1 Administration and Planning
- Preparing statutory documentation following appointment
 - Dealing with formalities of appointment
 - Statutory notifications and advertising

- Dealing with routine correspondence
- Maintaining physical case files and electronic case details on CCH case management software
- Case reviews
- Storage of records
- Case bordereau
- Case planning and administration
- Preparing reports to members and creditors

5 5 2 Cashiering

- Maintaining and managing the administrator's cashbook and bank account
- Ensuring lodgements of statutory returns
- Compliance with tax lodgement obligations

5 5 3 Creditors

- Dealing with creditors correspondence and telephone calls
- Preparing reports to creditors
- Maintaining creditor information on CCH case management software
- Reviewing and adjudicating on statements of claim received for voting purposes

5 5 4 Investigations

- Collection review and storage of books and records
- Preparation and submission of a return pursuant to the Company Directors Disqualification Act
- Review of books and records to identify any transactions or actions an administrator may take against a third party in order to recover funds for the benefit of creditors

5 5 5 Realisation of Assets

- Liaising with the Company's bank regarding closure of the account
- Insurance of the Company's assets
- Instructing and corresponding with agents appointed to value and sell the Company's assets

5 6 A copy of "A Creditors' Guide to Administrators' fees published by the Association of Business Recovery Professionals can be downloaded from the ICAEW website (www.icaew.com– select 'Technical' 'Insolvency' 'Corporate insolvency casework' and 'A creditors' guide to administrators' fees' If you would prefer this document to be sent to you in hard copy please contact us and we will forward a copy to you

5 7 Further information in relation to expenses can be found at **Appendix C**

5 8 An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrator's remuneration and expenses, within 21 days of receipt of this report Any secured creditor may request the same details in the same time limit

5 9 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge

the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

6 Estimated Outcome for Creditors

Secured Creditors

- 6.1 There are four secured creditors in this matter, being The Royal Bank of Scotland ("RBS"), Foresight 3 VCT Plc, Proven Health VCT Plc and Saffron Hill Ventures Limited. RBS's charge holds priority over the charges of the other secured creditors and, based on anticipated realisations, is the only secured creditor that will receive a dividend.
- 6.2 RBS have received £20,000 to date in respect of their fixed charge over the Company's assets. Further fixed charge payments are expected to be paid to RBS, however, this is subject to additional asset realisations being received.

Preferential Creditors

- 6.3 There are no preferential creditors in this matter.

Unsecured Creditors

- 6.4 There will be insufficient funds to enable a dividend to be paid to the unsecured creditors of the Company.

The Prescribed Part Fund – s176A Insolvency Act 1986

- 6.5 The Enterprise Act 2002 came into force on 15 September 2003 introducing and inserting section 176A into the Insolvency Act 1986 regarding a share of assets for unsecured creditors, otherwise known as the Prescribed Part. This section states that, where a company grants a floating charge on or after 15 September 2003, a share of that company's net property shall be set aside for the benefit of its unsecured creditors. Net property consists of floating charge realisations less costs and preferential creditors.
- 6.6 As previously advised, the Company granted a floating charge to RBS on 4 November 2008 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the administration to date, the net property of the Company is estimated to be £217. The insolvency legislation does not require me to distribute the Prescribed Part to creditors where net property is less than £10,000 and I think that the costs of doing so would be disproportionate to the benefit to creditors. I am of the view that this is applicable in this case and so will not be making a distribution of the Prescribed Part to unsecured creditors.

7 Ending the Administration

- 7.1 The administration is due to come to an automatic end on 3 August 2011. This may be insufficient time to allow for successful conclusion of the realisation process detailed above given that SHV are requesting an extension to the deferred payment due date. Should an extension be required, secured creditors will be written to requesting this.

7.2 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 Next Report

8.1 The Administrator is required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

**For and on behalf of
OPT Realisations Limited**

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

Charles MacMillan
Administrator

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Receipts and Payments Account for the Period from 4 August 2010 to 3 February 2011

SOA Value £		£	£
	SECURED ASSETS		
72,703 00	Property Rights / Patents	<u>22,703 00</u>	22,703 00
	SECURED CREDITORS		
(72,703 00)	National Westminster Bank Plc	<u>(20,000 00)</u>	(20,000 00)
	ASSET REALISATIONS		
0 00	Bank Interest Gross	8 01	
15,000 00	Debtors (Pre-Appointment)	15,000 00	
5,000 00	Furniture, Fixtures and Fittings	5,000 00	
7,297 00	Pre Paid Rent	7,297 00	
4,774 00	VAT Repayment	<u>-</u>	27,305 01
	COST OF REALISATIONS		
0 00	Administrator's Remuneration	(12,500 00)	
0 00	Agents / Valuers Fees	(3,500 00)	
0 00	Insurance	(262 50)	
0 00	Legal Fees	(10,750 00)	
0 00	Statutory Advertising	<u>(75 60)</u>	(27,088 10)
	UNSECURED CREDITORS		
(64,008 49)	Unsecured Creditors	<u>-</u>	-
	EQUITY		
(2,459,176 00)	A Ordinary	-	
(2,129,432 00)	Ordinary	<u>-</u>	-
<u>(4,620,545 49)</u>			<u>2,919 91</u>
	REPRESENTED BY		
	Allied Irish Bank (GB)	2,876 16	
	VAT Receivable	<u>43 75</u>	2,919 91
			<u>2,919 91</u>

Time Analysis for the Period from 4 August 2010 to 3 February 2011

	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Amount (£)	Average Rate (£)
Administration & Planning	15 50	8 30	29 10	1 70	54 60	10,023 50	183 58
Investigations	6 00	1 30	7 50	0 00	14 80	2,939 00	198 58
Realisation of Assets	0 00	0 80	11 00	0 00	11 80	1,504 00	127 46
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	2 60	28 80	2 50	33 90	4,191 50	123 64
Total Hours	21 50	13 00	76 40	4 20	115 10		
Amount (£)	6,235 00	2,990 00	9,168 00	265 00		18,658 00	
Average Rate (£)	290 00	230 00	120 00	63 10			162 10

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

Appendix C

Policy

Detailed below is Beever and Struthers's policy in relation to

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

Staff Allocation and the use of Sub-contractors

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 attached at Appendix D provides details of all grades of staff and their charge out rates.

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.

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
HBJ Gateley Wareing LLP (legal advice)	Hourly rate and disbursements
Sanderson Weatherall LLP (valuation and disposal advice)	Hourly rate and disbursements
AUA Insolvency Risk Services Limited (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.

Disbursements

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

OPT Realisations Limited - In Administration

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 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.

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

It is the firm's policy that no such disbursements will be recovered in this matter.

Beever and Struthers: Corporate Recovery and Insolvency Charge Out Rates

	Rate Per Hour Period 04/08/2010 to Present (£)
Partner	290
Senior Manager/Manager	230
Senior Professional	120
Other Professional	75