

The Insolvency Act 1986

Administrator's progress report

Name of Company

Medical Finance (Retail) Ltd

Company number

3223145

In the High Court of Justice
Chancery Division, Companies House

(full name of court)

Court case number

13472 of 2009

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Trevor John Binyon
RSM Tenon Recovery
11th Floor
66 Chiltern Street
London
W1U 4JTColin David Wilson
RSM Tenon Recovery
11th Floor
66 Chiltern Street
London
W1U 4JT

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

From

To

(b) Insert date

(b) 27 October 2011

(b) 26 April 2012

Signed

Joint / Administrator(s)

Dated

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

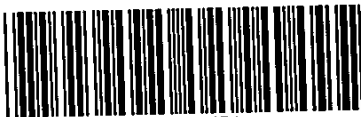
The contact information that you give will be visible to searchers of the public record

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DX Exchange

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

Medical Finance (Retail) Ltd – In Administration (“the Company”)

**Joint Administrators' Progress Report
for the period from 27 October 2011 to 26 April 2012**

Issued on: 14 May 2012

Trevor John Binyon and Colin David Wilson of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the Administration of the Company for the period from 27 October 2011 to 26 April 2012

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix 1**

2. Action taken by the Joint Administrators since their Last Report

Since we last reported we have been collecting the outstanding payments from the debtors with the intention of reducing the overall loan amount to AA Pharmaceuticals Limited (“AAH”), the holder of a fixed and floating charge over the Company’s assets. There have been continuing discussions regarding an alternative funder purchasing the loan book, and these negotiations have been unsuccessful. The loan book will now be returned to AAH pursuant to an assignment for in house collections. Final terms and conditions in respect of the assignment are being agreed.

3. Joint Administrators’ receipts and payment account

Attached as **Appendix 2** is the Joint Administrators’ account for the six month period from 27 October 2011 to 26 April 2012.

3.1 Customer Loans

The Company’s loan book stood at £3,574,000 as at the date of appointment.

Since the Joint Administrators’ appointment a total of £2,327,116.09 has been received in respect of loan repayments. During the current reporting period a total of £175,271.11 has been received. The former director, William Earley, has been assisting the Joint Administrators’ with collecting the debtor ledgers.

The Administrators have continued to assist AAH with their negotiations in respect of a sale of the loan book to interested parties. Any potential realisation from the sale of the customer loan book is subject to negotiations and is currently uncertain.

3.2 Intercompany Debtors

As previously advised, the inter-company debt in respect of Medical Finance (Property) Limited and Medical Finance (UK) Limited (In Administration) relates to an apportionment of tax for prior periods.

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It is currently uncertain whether the Company is entitled to reclaim these monies in respect of the apportionment of tax. Notwithstanding this, Medical Finance (UK) Limited was placed into Administration on 23 April 2009 and any recoveries are unlikely.

4. Administrators' Proposals

I can confirm that creditors approved the Administrators' proposals circulated in accordance with Rule 2.33(5) of the Insolvency Rules 1986.

The strategy for the Administration is to achieve a better result for the Company's creditors than would be achieved should the Company be wound up.

The purpose of the Administration is in the process of being achieved since the Administration has permitted for the ongoing collection of the loan book whilst the Joint Administrators assist AAH with a sale of the loan book.

5. Future Actions of the Joint Administrators'

The strategy for the next six months is to continue collection of the outstanding loan repayments and to agree the terms to assign the loan book back to AAH. Should the assignment exceed six months we will be forced to consider either placing the Company into Liquidation or a further extension of the period of the Administration by way of a Court application, as the Administration period will expire by 26 October 2012.

6. Dividend Prospects

Secured Creditors

On 1 July 2009, AIB Group (UK) PLC ("AIB") assigned all of its security and indebtedness in respect of the Company to AAH.

AAH, as secured creditor, had first ranking fixed and floating charges over the assets of the Company in place of AIB.

The Joint Administrators' have made an interim distribution on 15 January 2010 totalling £400,000 to AAH under their floating charge. Further interim distributions of £250,000, £450,000 and £320,000 were paid to AAH on 28 April 2010, 1 October 2010 and 24 June 2011 respectively.

Preferential Creditors

The Company did not have any employees and as such I have not received any preferential claims against the Company and nor do I anticipate receiving any claims.

Unsecured Creditors

The unsecured creditors of the Company total £4,797 according to the Company's records. To date I have not received any proof of debt forms from unsecured creditors.

I do not currently anticipate that there will be sufficient funds to enable a distribution to unsecured creditors.

Prescribed Part

A debenture was granted in favour of AIB on 21 May 1998, this security was assigned to AAH on 1 July 2009, which was discussed earlier. Since this charge pre-dates the commencement of the provisions of Section 176A of the Act, the Joint Administrators are not required to set aside a "Prescribed Part" fund specifically for unsecured creditors.

7. Extension of the Period of Administration

In accordance with paragraph 76(1) of Schedule B1 of the Act, the initial period of administration was deemed to end automatically on 26 April 2010. The period of the administration was extended in accordance with paragraph 76(2)(b) and paragraph 78, whereby AAH, the secured creditor provided consent, which minimised costs as no court application was necessary. The administration was therefore extended from the 26 April 2010 for a period of 6 months.

The administration period was extended again by order of the court (as the law does not allow the period of administration to be extended by consent after the first extension of 6 months) until 26 October 2011. A further court extension was granted on 5 October 2011 providing for a 12 month extension of the Administration until 26 October 2012.

The administrators may apply for a further extension should the sale of the loan book not proceed, and the purpose of this is to

- Enable a sale of the customer loan book,
- Continue the monthly loan book collections,
- Complete the distributions to AAH,
- Discharge the costs of administration

8. Investigations

The Administrator has a duty under the Company Directors' Disqualification Act 1986 and the Insolvent Companies (Reports on Conduct of Directors) Rules 1996 to submit confidential reports or returns to the Department of Business, Innovations and Skill unit on the conduct of those persons who have acted as directors of the Company. I can confirm that I have complied with my duties in this regard and my report was submitted on the 14 August 2009.

9. Joint Administrators' Remuneration and Expenses

The Administrators' time costs to date amount to £205,200.91 being 768.04 hours. In accordance with Statement of Insolvency Practice 9 I have attached at **Appendix 3** a breakdown of these time costs. Of these costs £199,412.94 has been drawn to date in respect of remuneration.

The secured creditor, AAH has approved the basis of the Joint Administrators' remuneration and disbursements regularly throughout the Administration.

For further information please go to www.rsmtenton.com and click on "creditors guides" if you require further information relating Administrators remuneration. Alternatively a copy is available free of charge upon request from the address at the top of the letterhead

Creditors may request further information under R2 48A within 21 days of receiving this progress report if they can satisfy the following requirements

- I They are a secured creditor
- II They are an unsecured creditor within the concurrence of at least 5% in value of the unsecured creditors (including creditor in questions), or
- III With the permission of the court on application made within the period of 21 days

Any creditor with either the agreement of at least 10% in the value of the unsecured creditor (including that creditor) or with the permission of the court may apply to court to challenge the Joint Administrators' remuneration and expenses under R2 109 of the Insolvency Rules 1986, if they believe they are excessive

Should you have any queries please do not hesitate to contact Ann Kirkby on 020 3075 2745

Yours faithfully

For and on behalf of
Medical Finance (Retail) Limited


T J Binyon
Joint Administrator

*Licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants
The affairs, business and property of the Company are being managed by the Administrators*

Appendix I-Statutory Information

Company Information

Company Name	Medical Finance (Retail) Limited
Previous Name	None
Trading Name	Medical Finance (Retail) Limited
Company Number	3223145
Date of Incorporation	11 July 1998
Trading Address	Charter House, The Square, Lower Bristol Road, Bath, Somerset BA2 3BH
Current Registered Office	11 th Floor, 66 Chiltern Street, London, W1U 4JT
Former Registered Office	Sherlock House, 73 Baker Street, London, W1U 6RD
Principal Trading Activity	Provision of finance for healthcare

Appointment details

Date of Appointment	27 April 2009
Appointment made by	Directors
Court Name and Reference	High Courts of Justice No 13472 of 2009
Administrators Appointed	Trevor John Binyon IP Number 9285 Colin David Wilson IP Number 9478

Medical Finance (Retail) Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 27/10/2011 To 26/04/2012	From 27/04/2009 To 26/04/2012
ASSET REALISATIONS		
Furniture & Equipment	NIL	120 00
Settlement Fee	NIL	587 50
Book Debts	175,271 11	2,327,116 09
Bank Interest Gross	469 58	2,165 43
	<u>175 740 69</u>	<u>2 329 989 02</u>
COST OF REALISATIONS		
Specific Bond	720 00	720 00
Preparation of S of A	NIL	9,500 00
Joint Administrators' Fees	46,000 00	199,412 94
Joint Administrators' Expenses	7,000 00	660 70
Legal Fees (1)	5,617 10	20,205 50
Telephone	1,648 50	5,927 78
Consultancy Fee	15,000 00	41,556 60
Corporation Tax	257 27	257 27
Bank Charges	10 00	85 00
	<u>76,252 87</u>	<u>278,325 79</u>
FLOATING CHARGE CREDITORS		
Floating Charge Creditor	NIL	1,420,000 00
	<u>NIL</u>	<u>1,420,000 00</u>
	99,487 82	<u>631,663.23</u>
REPRESENTED BY		
VAT Receivable		170,865 59
Floating Charge Current A/c		422,609 04
VAT Payable		(18 00)
Vat Control Account		38,206 60
		<u>422,609.04</u>

Notes

- 1 Customer loan repayments were previously remitted directly to AIB Group (UK) Plc under their floating charge
- 2 The security pre-dates the prescribed part provision and as such the prescribed part provision will not apply
- 3 The balance of funds shown is held on an interest bearing current account held at Allied Irish Bank Plc
- 4 The above statement is shown exclusive of VAT
- 5 This summary should be read in conjunction with the Joint Administrators' report dated 14 May 2012
- 6 No Statement of Affairs has been provided

Information relating to the Joint Administrators' Fees and Expenses

1. Overview of Case

1.1 Appointment

We were appointed Joint Administrators on 27 April 2009 following an application by the Company director

1.2. Strategy

Please refer to the main body of the report

1.3. Staffing

Staff involved in the various activities depending on experience required

1.4. Existing fee arrangements

The Administrators' have previously sought remuneration by reference to time properly spent by them and their staff in attending to the matters arising from the Administration of the Company from the secured creditors pursuant to Rule 2.106(5A) of the Rules

1.5. Anticipated return to creditors

The Administrators anticipate that following repayment of the secured creditor under its floating charge, there will be insufficient assets to facilitate distributions to either preferential and unsecured creditors of the Company

Explanation of office-holders charging and disbursement recovery policies

1.6. Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are

Director and Associate Director	£380 to £495
Senior Manager, Manager, Assistant Manager	£240 to £350
Other senior staff	£120 to £240
Assistants & Support Staff	£100 to £240

1.7. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case, (including business mileage up to HMRC approved rate for cases commenced before 1

November 2011) Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery 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, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, all business mileage (for cases commencing on or after 1 November 2011), internal room hire and internal storage.

It is proposed that the following Category 2 disbursements are recovered by RSM Tenon Recovery

Room hire	£60 00
Envelope	4 2p
Paper (photocopies per sheet)	7p
Internal Storage	32p
Business Mileage 45p per mile	

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

2 Description of work carried out

Section 3 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows

2.1 Administration and planning

The following activities have been undertaken

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,

Staff of different levels were involved in the above activities depending upon the experience required

2.2 Investigations

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

2.3 Realisation of assets

Please refer to the main body of the report

2.4 Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Reporting to creditors,

3 Time and chargeout summary

Please see attached schedule These costs exclude VAT

Disbursements

3.1 Category 1

Category 1 disbursements incurred are outlined below

	Incurred £	Paid £
Company Telephone	233 80	233 80
Travel	42 40	Nil
Cover Schedule	528 00	426 90
Courier	58 00	Nil
Web Site Charge	8 00	Nil
Total	<u>870 20</u>	<u>660 70</u>

The above costs exclude VAT

3.2 Category 2 disbursements

Details of the Category 2 disbursements (amounts payable or paid to RSM Tenon Recovery or to any party in which the officeholder or RSM Tenon Recovery has an interest) are as follows

Description/explanation	Incurred £	Paid £
Photocopying	<u>356 70</u>	<u>Nil</u>
Total	<u>356 70</u>	<u>Nil</u>

SIP9 Detailed

5004372 Medical Finance (Retail) Limited

Corp Administration

01/01/1900 to 26/04/2012

RSM Tenon

SIP9 Subcategory	Director and Associate Director	Manager	Other Senior Professional	Assistant and Support Staff	Total Hours	Charge	Avg Rate
Administration and planning							
General Administration	12 10	128 75	24 60	0 60	166 05		306 96
Strategy / Review	16 50	7 10	33 70	0 00	57 30		277 04
Tax Post Appointment	0 00	3 00	0 00	0 00	3 00		325 00
Meetings - Admin & Planning	1 00	0 00	0 50	0 00	1 50		325 33
Billing	0 00	0 40	1 60	0 00	2 00		233 00
Cashiering (Administration)	0 00	0 30	5 00	57 90	63 20		159 15
	29 60	139 55	65 40	58 50	293 05	78,832 75	269 01
Creditors							
Other Creditor Related Activities							
Reporting to Creditors	6 00	2 00	43 57	0 00	51 57		246 83
Proposals	0 00	0 70	0 00	0 00	0 70		295 00
Reporting to Secured Creditor	0 00	48 50	0 00	0 00	48 50		325 00
Secured Creditors	0 00	5 50	11 00	0 00	16 50		215 00
	16 75	19 00	40 65	0 20	76 60		272 55
	22 75	75 70	95 22	0 20	193 87	53,122 58	274 01
Investigations							
Investigations	0 00	0 00	11 00	0 00	11 00		215 00
CDDA Report / Return	0 00	0 00	0 00	0 10	0 10		240 00
	0 00	0 00	11 00	0 10	11 10	2,389 00	215 23
Realisation of assets							
Asset General (Uncharged)	0 00	0 00	10 50	0 00	10 50		238 57

Sifo SubCategory	Director and Associate Director	Manager	Other Senior Professional	Assistant and Support Staff	Total Hours	Charge	Avg Rate
FX Asset General	6.50	0.00	0.00	0.00	6.50		479.62
FX Freehold & Leasehold	1.50	0.00	0.30	0.00	1.80		435.83
FX Book Debt Realisation	3.50	0.00	0.00	0.00	3.50		447.86
Tax - Refund	0.00	0.00	3.80	0.00	3.80		240.00
Book Debt Realisation (Uncharged)	0.00	2.00	49.10	0.00	51.10		215.00
Debtor Instalments	0.00	0.00	4.00	0.00	4.00		215.00
FL Asset General	26.50	0.00	34.52	0.00	61.02		288.78
FL Book Debt Realisation	2.00	0.00	15.50	0.00	17.50		244.43
	40.00	2.00	117.72	0.00	159.72	42,632.08	266.92
Trading							
Trading	31.50	9.00	69.80	0.00	110.30		255.89
	31.50	9.00	69.80	0.00	110.30	28,224.50	255.89
Hours	123.85	226.25	359.14	58.80	768.04		
Charge	52,177.50	68,641.25	75,323.66	9,058.50		205,200.91	