

2.24B

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 Court (full name of court)	Court case number 13472/2009

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

I/We (a)
T J Binyon
of RSM Tenon Recovery,
Sherlock House,
73 Baker Street,
London,
W1U 6RD

C D Wilson
RSM Tenon Recovery,
Sherlock House,
73 Baker Street,
London,
W1U 6RD

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

(b) Insert date

From

(b) 27 April 2010

To

(b) 26 October 2010

Signed

Joint Administrator

Dated

27/10/10

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

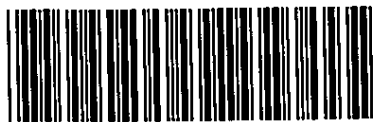
The contact information that you give will be visible to searchers of the public record

T J Binyon
RSM Tenon Recovery
Sherlock House,
73 Baker Street,
London,
W1U 6RD

DX Number

+44 (0) 207 935 5566
DX Exchange

THURSDAY



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28/10/2010

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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

To All Known Creditors

RSM Tenon Recovery
Sherlock House 73 Baker Street London
W1U 6RD
T +44 (0) 20 7935 5566
F +44 (0) 20 7935 3512
www.rsmtenon.com

Our ref ASM/AJI/TJB/5004372
Your ref
27 October 2010

When telephoning or emailing please contact Andrew McCormick on 0207 258 8946 or andrew.mccormick@rsmtenon.com

Dear Sirs

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

In accordance with Rule 2.47, I write to provide you with a progress report on the Administration to date following my report to creditors dated 18 May 2010 and 24 November 2009. I am also writing to notify you of the extension of the Administration as outlined in section 4. Attached at **Appendix I** is the statutory information relating to the Administration.

1 Administrators' accounts

Attached as **Appendix II** is the Joint Administrators' summary receipts and payments account for the period 27 April 2009 to 26 October 2010. I would comment specifically as follows:

1.1 Customer Loans

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

As per my previous report the Joint Administrators have realised £384,364 of loan repayments which were paid into the Company's pre-appointment account at Allied Irish Bank in accordance with the historic direct debit banking arrangements previously in place.

Due to a change in the banking arrangements, the monthly debtor instalments have been paid directly into the Administration account from October 2009 onwards.

The Joint Administrators have recovered loan repayments totalling £1,296,947 as at the date of this report.

The Joint Administrators are continuing to actively pursue a sale of the loan book with interested parties. The potential realisations from the sale of the customer loan book are currently uncertain.

Sherlock House, 73 Baker Street, London, W1U 6RD
Tel +44 (0) 207 935 5566 Fax +44 (0) 207 935 3512
Email bakerstreet@rsmtenon.com
www.rsmtenon.com

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1.2 Inter-Company 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 the accounting periods prior to the Administration

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 has been placed into Administration and any future recoveries are unlikely

2 Joint Administrators' Proposals

I can confirm that creditors approved the Joint Administrators' proposals previously 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 currently being achieved since the Administration has allowed for the ongoing collection of the loan book whilst the Joint Administrators' continue to pursue a sale of the loan book which is anticipated to achieve higher realisations than would have likely been achieved through a sale of assets on a break-up basis

It should also be noted that the proceeds from the realisation of Company assets to date have been utilised to discharge part of the debt of the secured creditors with three distributions totalling £1,100,000 made to date

3 Dividend Prospects

Secured Creditors

On 1 July 2009, Allied Irish Bank Group (UK) plc assigned all of its security and indebtedness in respect of the Company to AAH Pharmaceuticals Limited ("AAH")

The secured creditor, AAH has a first ranking fixed and floating charge over the assets of the Company

The Joint Administrators previously made an interim distribution totalling £400,000 to AAH under their floating charge

Two further interim distributions of £250,000 and £450,000 were transferred to AAH's bank account under their floating charge on 28 April 2010 and 4 October 2010 respectively. It is anticipated that the secured creditor, AAH, will suffer a shortfall

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 such

Unsecured creditors

The unsecured creditors of the Company total £4,797 in accordance with the Director's Statement of Affairs. To date I have not received any proof of debt forms from the unsecured creditors.

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

Prescribed Part

A debenture was granted in favour of Allied Irish Bank plc on 21 May 1998, this security was assigned to AAH on 1 July 2009, as mentioned above. 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.

4 Extension of the Period of Administration

The Administration has previously been extended for a period of six months from 27 April 2010 to 26 October 2010 with the consent of the secured creditor, AAH, in accordance with Paragraphs 76(2)(b) and 78(2)(a) of Schedule B1 of the Act.

The extension was sought in order to provide additional time for the Joint Administrators to continue in their attempts to sell the customer loan book, the ongoing collection of the loan book and to distribute funds to the secured creditors. Unfortunately, the original extension will not be sufficient to complete a sale of the loan book before the expiry of the Administration.

The Joint Administrators sought a further extension for a period of twelve months from 27 October 2010 to 26 October 2011 with the consent of Court. I confirm that this extension has been granted by the Court.

This extension was granted as the Joint Administrators believe that a sale of the loan book will be completed within the coming months. Should a sale of the loan book not be completed within the proposed extension period, it is likely that the loan book will be transferred to the secured creditors' balance sheet, subject to legal advice confirming this is possible. In summary an extension will provide the Administrators with sufficient time to

- Enable a sale of the customer loan book,
- Continue the monthly loan book collections,
- Complete the distributions to secured creditors,
- Discharge the costs of Administration/ realisation,

The Joint Administrators therefore consider that it would be appropriate and more cost effective for the Company to remain in Administration. If the Company were to have been placed into Compulsory Liquidation there would be additional costs involved. Including the requirement to pay any funds into an Insolvency Services Account where it would attract a fee of 17% on any balance over £2,000 up to a maximum fee of £80,000, thereby diluting available funds. It is not possible to exit the Administration by a Creditors' Voluntary Liquidation as there are insufficient funds to enable a distribution to the unsecured creditors.

5. Remuneration

The Administrators' time costs to date amount to £110,450 plus disbursements of £1,218 90. In accordance with Statement of Insolvency Practice 9 I have attached at **Appendix III** a breakdown of these time costs. Of these costs £100,562 remuneration and £661 disbursements have been drawn to date.

The secured creditor, AAH has approved the basis of the Joint Administrators' remuneration and disbursements pursuant to Rule 2.106 of the Insolvency Act.

Should you have any queries please do not hesitate to contact Andrew McCormick on the above number.

Yours faithfully

For and on behalf of
Medical Finance (Retail) Ltd



T J Binyon

Joint Administrator

Licensed to act as an Insolvency Practitioner by the Association of Chartered Certified Accountants

Enclosure

Appendix I – Statutory Information

Company Information

Company Name	Medical Finance (Retail) Ltd
Company Number	3223145
Registered Office	Sherlock House, 73 Baker Street, London, W1U 6RD,
Trading Address	Charter House, The Square, Lower Bristol Road, Bath, Somerset BA2 3BH

Appointment details

Administrators	T J Binyon and C D Wilson of RSM Tenon Recovery
Administrators' address	RSM Tenon Recovery Sherlock House, 73 Baker Street, London, W1U 6RD
Date of appointment	27 April, 2009
Court	High Court of Justice, Chancery Division, Companies Court
Court Reference	13472 / 2009
Appointed by	Directors
Functions	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
EC Regulations	The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation as
Extensions	The Administrators had been granted an extension of 6 months to the period defined by Paragraph 76(1) of Schedule B1 of the Act that provides for the automatic end of the Administration after 12 months from the date of appointment. A further extension to the period of the Administration has been granted by the Court to extend the Administration for a further twelve months to 27 October 2011

MEDICAL FINANCE (RETAIL) LIMITED IN ADMINISTRATION

SUMMARY OF JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS
FROM 27 APRIL 2009 (DATE OF APPOINTMENT) TO 26 OCTOBER 2010

Note	Estimated to Realise - Director's Statement of Affairs	Receipts/ Payments Between 27 Apr 2009 to 08 June 2009	Receipts/ Payments Between 9 June 2009 to 26 October 2009	Receipts/ Payments Between 27 October 2009 to 26 April 2010	Receipts/ Payments Between 27 April 2010 to date of report	Total Receipts/ Payments To Date
	£	£	£	£	£	£
FIXED CHARGE RECEIPTS	Nil	Nil	Nil	Nil	Nil	Nil
FIXED CHARGE PAYMENTS		Nil	Nil	Nil	Nil	Nil
FIXED CHARGE DISTRIBUTIONS		Nil	Nil	Nil	Nil	Nil
Balance (Receipts Less Payments)		Nil	Nil	Nil	Nil	Nil

FLOATING CHARGE RECEIPTS		£	£	£	£	£	£
Customer loans receipts	1	3,574,000	Nil	76,403	813,253	407,291	1,296,947
Loan settlement fee		0	Nil	Nil	Nil	588	588
Inter-Company Debtors		39,000	Nil	Nil	Nil	Nil	Nil
Bank Interest Gross			Nil	15	331	199	545
Furniture & equipment			Nil	Nil	120	Nil	120
		3,613,000	Nil	76,418	813,704	408,078	1,298,200
FLOATING CHARGE PAYMENTS			£	£	£	£	£
Telephone			Nil	1,106	1,143	932	3,181
Professional fees			Nil	3,750	6,057	0	9,807
Preparation of S of A			Nil	2,500	Nil	0	2,500
Joint Administrators remuneration			Nil	47,409	32,883	20,270	100,562
Joint Administrators disbursements			Nil	270	Nil	391	661
Legal fees			Nil	8,493	308	0	8,801
Bank charges			Nil	Nil	20	25	45
			Nil	63,528	40,411	21,618	125,557
DISTRIBUTIONS							
Floating charge creditor - AAH Pharmaceuticals	2,3		Nil	Nil	400,000	700,000	1,100,000
Balance (Receipts Less Payments)	4,5		Nil	12,890	373,293	313,540	72,643

Notes

- Customer loan repayments were previously remitted directly to Allied Irish Bank plc under their Floating Charge. As per the report Allied Irish Bank transferred the balance of customer loan receipts collected to October of £384,363.84 shown in the Customer loan receipt figure of £1,296,947.
- It should be noted that two distributions of £250,000 and £450,000 were made to the secured creditor on 28 April 2010 and 4 October 2010.
- The security pre-dates the prescribed part provisions and as such the prescribed part provision will not apply.
- The balance of funds shown is held on an interest bearing current account held at Allied Irish Bank plc.
- The above statement is shown exclusive of VAT.
- This summary should be read in conjunction with the joint administrators' report dated 27 October 2010.

T J Binyon & C D Wilson
Joint Administrators
26 October 2010

Appendix III – Information relating to Administrators' remuneration

Office Holder Remuneration

Case Name	Medical Finance (Retail) Ltd	
Court	High Court of Justice, Chancery Division, Companies Court	
Court reference	13472 / 2009	
Office Holders	T J Binyon and C D Wilson	IP Number 9285 IP Number 9478
Firm	RSM Tenon Recovery	
Address	Sherlock House, 73 Baker Street, London, W1U 6RD	
Type of Appointment	Administration	
Date of Appointment	27 April 2009	

1 Overview of Case

1.1 Appointment

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

1.2 Strategy

Please refer to the main body of my report

1.3 Staffing

Staff were involved in the various activities depending on the 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 creditor 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 for the preferential and unsecured creditors of the Company to enable a dividend

2 Explanation of office-holders charging and disbursement recovery policies

2.1 Time recording

For your information, a breakdown of our current charge out rates are detailed below

Grade	Current £
Director and Licensed Insolvency Practitioners	475
Associate Director	350-380
Manager	285-335
Other Senior Staff	215-250
Assistants and Support Staff	120-200

2 2 Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs - these are Category 1 disbursements.

Other costs which may be charged to the case are room hire for meetings held at the offices of Tenon Recovery and the cost of sending out reports to creditors, if material. 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 – these are Category 2 disbursements.

The current level of costs recharged are detailed below.

Room hire	£60.00
Envelope	4.2p
Paper (photocopies per sheet)	7p
Postage (depending on weight)	At cost
Storage of archive box for one month	32p
Travel (per mile)	40p

3. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1 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.

3 2 Investigations

The time spent comprises:

- 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.

3 3. Realisation of assets

Please see the main body of my report.

3 4. Creditors

The time spent includes the following matters -

- Reporting to creditors, and
- Dealing with creditor queries.

4. Time and chargeout summary

To date a total of 418 hours have been spent at an average charge out rate of £264 06 bringing the total cost to date to £110,449 56 To date remuneration of £100,561 86 has been drawn to date

A summary table is shown below

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	21 50	0 50	50 10	5 88	77 98	19,279 92	247 24
Realisation of assets	35 50	0 00	99 72	0 00	135 22	37,256 58	275 53
Investigation	3 00	0 00	11 00	0 00	14 00	3,505 00	250 36
Trading	28 00	0 00	64 80	0 00	92 80	24 944 50	268 80
Creditors	17 25	0 00	81 02	0 00	98 27	25,463 56	259 11
Total hours	105 25	0 50	306 64	5 88	418 27		264 06
Total fees claimed £						110,449 56	

The above costs exclude VAT

5 Disbursements

5.1. Category 1

Category 1 disbursements incurred are outlined below

	Incurred £	Paid £
Travel	42 40	42 40
Company telephone	233 80	233 80
Bordereau	528 00	384 50
Copying	356 70	0 00
Courier	58 00	0 00
Total	1,218 90	660 70

The above costs exclude VAT

5.2 Category 2 disbursements

There have been no category 2 disbursements