

# 2.24B

The Insolvency Act 1986

## Administrator's progress report

Name of Company Patient First Group Limited	Company number 06058482
In the Birmingham District Registry (full name of court)	Court case number 8027 of 2010

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

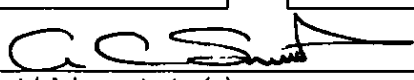
I/We (a)  
Gerald Clifford Smith  
FRP Advisory LLP  
104/106 Colmore Row  
Birmingham  
B3 3AG

Beverley Jayne Marsh  
C/o 104/106 Colmore Row  
Birmingham  
B3 3AG

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

From (b) 1 February 2010	To (b) 31 July 2010
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Signed

  
Joint / Administrator(s)

Dated

27 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 searchers of the public record

Gerald Clifford Smith  
FRP Advisory LLP  
104/106 Colmore Row  
Birmingham  
B3 3AG

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 DX 33050 Cardiff

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COMPANIES HOUSE



**FRP Advisory LLP**  
104-106 Colmore Row  
Birmingham B3 3AG  
Tel +44 (0)121 710 1680  
Fax +44 (0)121 710 1699  
www.frpadvisory.com

your ref:

our ref: GS/LB/AO081/J

date: 27 August 2010

To All Creditors

Please ask for: Lee Brocklehurst

Following a management buy-out which completed on 29 June 2010, Vantis Business Recovery Services has now become FRP Advisory LLP, a newly formed national practice offering restructuring, recovery and insolvency services

Dear Sirs

**PATIENT FIRST GROUP LIMITED  
(IN ADMINISTRATION) ("THE COMPANY")  
IN THE BIRMINGHAM DISTRICT REGISTRY NO. 8027 OF 2010**

Further to my appointment as Joint Administrator of the above Company on 1 February 2010, I report on the progress of the administration under Rule 2.47 of the Insolvency Rules 1986.

**1. Statutory Information**

Gerald Clifford Smith and Beverley Jayne Marsh, licensed insolvency practitioners, were appointed Joint Administrators of the Company by the directors on 1 February 2010.

Both Administrators are licensed Insolvency Practitioners and licensed by the Institute of Chartered Accountants in England and Wales.

The Administration is registered in the High Court of Justice, Birmingham District Registry, under reference number 8027 of 2010

The Company's main centre of operations was based in the United Kingdom. The EC Regulations on Insolvency Proceedings 2000 apply to the Administrations. The proceedings are main proceedings as defined by Article 3 of the Regulation.

The Joint Administrators act jointly and severally, so that all functions may be exercised by either Administrator.

**2. The Administrators' Proposals**

The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

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

The rescue of the Company as a going concern was not considered feasible due to concerns over the ongoing viability of the Company and the likely level of funding to meet existing and future working capital requirements. The second objective will be achieved, 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). This has been achieved through the sale of the business and assets of the Company to NSL Limited ("NSL") and the implementation of the Administrators' proposals. The Administrators' proposals were issued and approved at a meeting of creditors on 9 April 2010 to effect the purpose referred to above.

The main proposals were that the Administrators continued to manage the affairs of the Company, which they have done.

Also they proposed that they would continue to realise the assets of the Company.

It was proposed that if a dividend to unsecured creditors is anticipated the Company should be placed into liquidation to enable creditors' claims to be agreed and a distribution to be made.

### 3. Progress of the Administration

I attach at Appendix A an abstract of my receipts and payments for the period from 1 February 2010 to 31 July 2010

On 1 February 2010 the Company's business was sold as part of a group business and assets sale, excluding book debts, to NSL Limited. The Group consisted of the Company, Patient First (Herefordshire) Limited and Patient First (Shropshire) Limited, all of which entered administration on 1 February 2010.

Total sales consideration was as follows;

	Total Consideration (£)
Plant and Machinery	10,000
Business	1
Goodwill	291,499
Vehicles (inc Equity in vehicles subject to HP)	140,000
Customer Contracts	1
Prepayments	1,522
Intellectual Property	1
Stock and Work in Progress	2,000
<b>Total</b>	<b>445,024</b>

Of the consideration goodwill amounting to £68,901 has been received into the Company's estate. The goodwill was apportioned between the Group companies on the basis of employees' wages and salaries expenses. This apportionment was calculated by the Group's accountants and is considered to be the fairest method, as wages and salaries are the largest expense as they are service companies.



Given the group structure it is anticipated that the Company will be moved into liquidation when all Group companies are in a position to be moved.

#### 4. Estimated Outcome

##### Preferential Creditors

There are not anticipated to be any preference creditor claims in respect to the Company as the Company's employees were transferred as part of the sale agreement.

##### Unsecured Creditors

Creditors position to date;

Unsecured Creditors	Statement of Affairs	Claims Received
	£	£
Trade & Expense	90,238	57,923
Directors	3,644	Nil
Banks/Institutions	2,000	Nil
HMRC - PAYE/NI	250,443	155,629
HMRC - VAT	144,894	167,808
Pension Scheme	1,202	Nil
Intercompany	1,100,710	Nil
Total	1,593,131	381,360

It is anticipated that a distribution will be made to unsecured creditors and to enable this distribution the Company will be progressed to liquidation.

Creditors' claims have not been agreed to date and this will be undertaken in the liquidation.

#### 5. Administrators' Remuneration

At the creditors' meeting on 9 April 2010 creditors passed a resolution that my remuneration should be calculated on a time cost basis. Remuneration of £19,123 has been drawn to date 103.35 hours have been spent on this case to date, giving a total of £23,334 charged to the administration. An analysis of the time charged, showing different grades of staff and the type of work undertaken, is attached at Appendix B.

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.

#### 6. Ending the Administration

Once all matters in the Administration have been finalised and in accordance with the Joint Administrators' proposals which were approved by the creditors on 9 April 2010, we will place the Company into creditors' voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986. I shall be filing Form 2 34B, Notice of Move from Administration to Creditors' Voluntary Liquidation, together with our final progress report with the Registrar of Companies, at Court and to all creditors. The appointment of the Liquidators will take effect on the registration of the Notice by the Registrar of Companies.



The Joint Administrators will be discharged from liability under Paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, taking effect 21 days after ceasing to act.

**7. Next Report**

The Joint Administrators are required to provide a progress report within one month of the next six months of the Administration or earlier if the Administration has been finalised.

Form 2.24B, formal notice of the progress report, is also attached.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact Lee Brocklehurst at this office.

Dated this 27<sup>th</sup> day of August 2010



**Gerald Smith**

**Joint Administrator**

Licensed by the Institute of Chartered Accountants in England & Wales

Enc.

**The Joint Administrators act as agents of the Company and without personal liability.**

**The affairs, business and property of the Company are being managed by Gerald Clifford Smith and Beverley Jayne Marsh who were appointed Joint Administrators on 1 February 2010.**



## Appendix A

## Receipts and Payments Account for the Period to 31 July 2010

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
6,741.00	Furniture & Equipment	NIL	
NIL	Shares & Investments	NIL	
	Rent	10,187.09	
NIL	Intercompany debtors	NIL	
68,901.00	Goodwill	68,901.00	
	Bank Interest Gross	0.05	
NIL	Directors Loan Account	NIL	
360.00	Prepayments	NIL	
			79,088.14
	<b>COST OF REALISATIONS</b>		
	Administrators' Remuneration	19,123.75	
	Administrators' Disbursements	134.90	
	Agents/Valuers Fees (1)	1,806.00	
	Statutory Advertising	50.40	
	Rents Payable	9,305.84	
	Wages & Salaries	9,600.11	
			(40,021.00)
	<b>UNSECURED CREDITORS</b>		
(90,238.00)	Trade & Expense Creditors	NIL	
(3,644.00)	Directors	NIL	
(2,000.00)	Banks/Institutions	NIL	
(250,443.00)	HM Revenue & Customs - PAYE/NL	NIL	
(144,894.00)	HM Revenue & Customs - VAT	NIL	
(1,202.00)	Pension Scheme	NIL	
(1,100,710.00)	Intercompany	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(1,000.00)	Ordinary Shareholders	NIL	
			NIL
<u>(1,518,129.00)</u>			<u>39,067.14</u>
	<b>REPRESENTED BY</b>		
	Bank 2 Current A/c		39,067.14
			<u>39,067.14</u>



**Appendix B**

**Administrators' Remuneration  
Analysis of Time Costs to 31 July 2010**

<u>Classification of Work</u>	<u>Partners Hours</u>	<u>Managers Hours</u>	<u>Administrators &amp; Support Staff Hours</u>	<u>Total Hours</u>	<u>Time Cost £</u>	<u>Average Rate p/h</u>
Administration and Planning	9.00	13 10	1.15	23.25	6,491.00	279 18
Meetings	2.00	-	1 50	3.50	1,115.00	318 57
Asset Realisations	-	1.20	-	1.20	298 00	248.33
Travel	-	-	0.80	0.80	168 00	210.00
Case Accounting	-	0.90	3.40	4.30	668 50	155.47
Tax & VAT	-	-	1 50	1.50	315.00	210 00
Freehold/Lease Property	0 50	5.40	8.30	14.20	3,238.00	228.03
Investigatory Work		0.60	5 90	6 50	1,368 00	210 46
Legal/Litigation		3.90	-	3 90	1,033.50	265 00
Statutory Compliance	1 40	8 50	4.75	14.65	3,087.25	210.73
Statutory Reporting	0.50	-	-	0 50	200.00	400 00
Unsecured Creditors	-	0 80	1.75	2.55	347.00	136.08
Trading	-	-	1 80	1.80	378.00	210 00
Debt Collection	-	-	24.70	24.70	4,627 00	187.33
<b>Total Hours</b>	<b>13 40</b>	<b>34 40</b>	<b>55 55</b>	<b>103.35</b>		
<b>Total Time Cost</b>	<b>4,820 00</b>	<b>8,472</b>	<b>10,187</b>		<b>23,334.25</b>	
<b>Average Rate per Grade</b>	<b>359 70</b>	<b>246.28</b>	<b>183 39</b>			<b>225.78</b>

## **1 Policy**

Detailed below is FRP policy in relation to

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

### **1.1 Disbursements**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice<sup>1</sup> requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at

Required professional practice classifies expenses into two broad categories:

- Category 1 expenses (approval not required) – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- Category 2 expenses (approval required) – all other items of expenditure
  - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
  - Where the cost of the expense incurred is an estimated, unitised cost with the estimated based on external costs or opportunity cost.

### **1.2 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 Manager, an Assistant Manager and an Administrator. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we would advise that time spent by cashiers 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, e.g. 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.

### 1.3 **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
Eversheds LLP	Hourly rate and disbursements
Pinsent Mason LLP	Hourly rate and disbursements

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.

## 2 **Charge-out Rates**

A schedule of FRP and previously Vantis charge-out rates for this assignment is detailed below

	From 1 January 2009 £/hr	From 1 March 2010 £/hr
<b>Partner</b>		
Partners	340	400
<b>Manager:</b>		
Manager	225	265
Assistant Manager	210	225
<b>Administrator:</b>		
Senior	170	210
Trainee Administrator	90	105
<b>Support Staff:</b>		
Case Accountant	90	90
Assistant	75	90

