

The Insolvency Act 1986

Administrative Receiver's Report

Pursuant to Section 48(1) of the Insolvency Act 1986 and Rule 3 8(3) of the Insolvency Rules 1986

S.48(1)

To the Registrar of Companies

For Official Use

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Company Number

04103318

Name of Company

Insert full name of Company

Firstpoint Healthcare Limited

Insert full name and Address

We F J Gray
Kroll Limited
134 Edmund Street
Birmingham
B3 2ES

J M Wright
Kroll Limited
134 Edmund Street
Birmingham
B3 2ES

Delete as appropriate

Administrative Receivers of the company attach a copy of our report to creditors and a copy of the statement of affairs of the company

Signed

Date

4/12/07

Presenter's name, address and reference (if any)

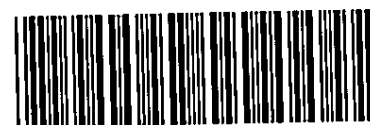
James Dampney
134 Edmund Street, Birmingham, B3 2ES

For Official Use

Insolvency Section

Post Room

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COMPANIES HOUSE

**Joint Administrative Receivers'
Section 48 Report to Creditors**

**Firstpoint Healthcare Limited -
In Administrative Receivership**

4 December 2007



KROLL

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1 Events Leading up to the Appointment of the Administrative Receivers

1 1 Firstpoint Healthcare Limited (the **Company**)'s registered number is 4103318 and was incorporated on 7 November 2000 under the original name of Ingleby (1372) Limited. The Company subsequently changed its name to Firstpoint Healthcare Limited on 21 March 2001.

1 2 A schedule of statutory information is attached as Appendix A.

1 3 The Company's main business was the provision of agency healthcare / nursing staff to the NHS and private hospitals throughout the UK. The Company operated from three sites in Birmingham, Sheffield and London.

1 4 The principal trading address of the Company was 1st Floor, Queensgate, 121 Suffolk Street, Birmingham, B1 1LX. The registered office has recently been changed to c/o Kroll Limited, 134 Edmund Street, Birmingham, B3 2ES.

1 5 The Company has granted the following security:

Charge Holder	Security Held	Date Created
The Royal Bank of Scotland ("the Bank")	Debenture	7 February 2001
The Royal Bank of Scotland Invoice Finance ("RBSIF")	Fixed Charge	7 February 2001
Bridgepoint Capital Nominees Limited ("Bridgepoint")	Floating Charge	7 February 2001

1 6 The debenture granted to the Bank created fixed and floating charges over the Company's assets in respect of an overdraft facility and loan. Under the terms of an inter creditor agreement dated 7 February 2001, the Bank ranks in priority to the floating charge held by Bridgepoint.

1 7 The Company employed approximately 45 staff.

1 8 A summary of the recent trading performance of the Company is detailed below:

	9 month period to 28/09/2007 (Management accounts) £000	Year ended 31/12/2006 (Management accounts) £000	Year ended 31/12/2005 (Statutory accounts) £000	Year ended 31/12/2004 (Statutory accounts) £000
Turnover	4,402	8,942	13,555	17,058
Gross profit	1,088	2,144	3,230	4,449
Overheads	(988)	(2,055)	(7,432)	(4,650)
Net profit / (loss) before tax	(354)	(501)	(4,550)	(848)

- 1 9 The Company had suffered historic trading losses, and the business appeared to be in decline with its agency staff migrating away from the business towards approved suppliers and to the NHS / other clients as they set up their own banks of staff resource
- 1 10 Further trading losses were expected and it was anticipated that the Company would remain cash absorbing for the foreseeable future. In addition, the Company had a heavily insolvent balance sheet as at 31 March 2007, with net liabilities of £4.2m, and was unable to service existing capital and interest payments on the significant levels of debt (c £9.4m as at 31 July 2007) the Company was carrying. As a result, the Directors concluded that the Company was insolvent and that a sale of the business should be sought.
- 1 11 Prior to the appointment of Joint Administrative Receivers, the Directors engaged Buckingham Corporate Finance Limited (**Buckingham**) in August 2007 to assist with the sale process. This process was agreed with the secured creditors of the Company.
- 1 12 The Directors subsequently invited the Bank to appoint Administrative Receivers to finalise negotiations, and F J Gray and J M Wright were appointed as Joint Administrative Receivers on 28 September 2007 under a debenture dated 7 February 2001. F J Gray is licensed by the Institute of Chartered Accountants in Scotland, and J M Wright is licensed by the Insolvency Practitioners Association.

2 Receivers' Strategy and Sale of the Business

- 2 1 Prior to our appointment, Buckingham's marketing process identified over 50 potential interested parties, of which c 20 were approached. The remaining 30 parties were not approached due to concerns held by Buckingham and/or the Directors that the other parties were too small or there was a risk that the potential interested party would use the opportunity to destabilise the business.
- 2 2 Following the receipt of offers from 4 interested parties, we were subsequently instructed by the Bank to finalise negotiations and provide advice on the proposed pre-packaged sale of the business and assets of the Company via a formal insolvency process, and to conclude any potential sale.
- 2 3 Following negotiations to enhance the offers received, the highest offer received for the business and assets was £805,000 from Servoca Plc (**Servoca**), who had previous operating experience within the healthcare recruitment sector. The Company subsequently agreed heads of terms with Servoca on 18 September 2007, with a view to completing the pre-packaged sale of the business and assets on or before 28 September 2007. The offer also included a transfer of all employees under TUPE regulations.

FIRSTPOINT HEALTHCARE LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

2 4 Following a short period of due diligence and the recommendations of our agents, Bache Treharne, we completed the pre-packaged sale of the business and assets of the Company to Manorbases Limited (**Manorbases**) (a subsidiary undertaking of Servoca) for £721,000, following our appointment as Joint Administrative Receivers. The difference in consideration from the original offer reflected a reduction in trade debtors over the period of due diligence but still represented the best return when compared to the other offers received.

2 5 The sale consideration achieved is detailed below:

£000	Total Consideration
Goodwill	85,000
Book debts	556,000
Fixtures and Fittings	40,000
Work in progress	40,000
Total	721,000

2 6 We consider that the price achieved from the going concern sale was above the levels that would have been received under a forced sale scenario in insolvency. In addition, preferential claims in respect of arrears of wages and holiday pay have been significantly reduced.

2 7 The sale of the business and assets of the Company was completed following recommendations from our agents and with the approval and release of charges held by the secured creditors.

3 Assets Subject to the Fixed Charge

3 1 The Company's fixed charge assets comprised goodwill and three leasehold properties, comments for which are provided in the respective sections below.

Goodwill

3 2 The nature of the Company's business was such that relationships held with agency staff and customer lists represented a significant proportion of the potential realisable value of the business, excluding debtors.

3 3 Goodwill was therefore included in the sale to Manorbases and realised £85,000 as set out in Section 2 5 of this report.

Leasehold property

- 3 4 The Company operated from three leasehold premises based in Birmingham, Sheffield and London. Our agents, Bache Treharne, advised that there was no value attributed to any of the leasehold properties.
- 3 5 The sale and purchase agreement included short term licences (period of 1 to 3 months) for Manorbase to occupy all of the leasehold premises whilst they negotiated assignment of the leases, where applicable. Manorbase put the Receivers in additional funds to make rental payments to the landlords for the licence periods.

4 Assets Subject to the Floating Charge

- 4 1 The major assets subject to the floating charge are book debts, work in progress, fixtures and fittings and prepayments. Comments on these assets are provided in the respective sections below.

Book Debts

- 4 2 The Company's trade debtors as at the date of appointment totalled £578,752, and these were included in the sale to Manorbase, realising £556,000. This represented c 96% of the ledger at completion, with the balance representing an estimated level of bad and doubtful debts and early settlement discounts offered by the Company.
- 4 3 Servoca's initial offer for the business and assets of the Company of £805,000 included a book debt figure of £640,000, which was subsequently reduced to £556,000 due to trade receipts of £84,000 being received prior to completion of the sale.
- 4 4 The Company utilised an invoice financing facility operated by Royal Bank of Scotland Invoice Finance (**RBSIF**). During the due diligence period, the cash outflow of the business was mitigated as the directors only paid essential payments and as a result, at the date of our appointment, there was a credit balance of £17,665 (after terminations fee of £6,000 plus VAT) on the RBSIF account, which we have subsequently recovered.
- 4 5 We anticipate that an additional £3,530 will be recovered in due course, resulting in total realisations of £21,195 from this source.

Work in Progress

- 4 6 Work in Progress consisted of work not yet invoiced by the Company in respect of the provision of agency staff to a variety of clients. This formed part of the sale agreement and the realisation of £40,000 was consistent with the level of work not yet invoiced.

Fixtures and Fittings

- 4 7 Fixtures and Fittings consisted of various items of office equipment and furniture. The assets formed part of the sale agreement and the realisations of £40,000 significantly exceeded the in situ valuation of £14,520 provided by our Agents.

Prepayments and Property Deposits

- 4 8 Prepayments were excluded from the sale of business, and at the date of our appointment totalled £40,678. The majority of these balances related to prepaid insurance and property costs (£35,275) which we are currently seeking to recover from the parties concerned.
- 4 9 To date, £5,279 has been received in respect of sundry refunds of which £2,000 relates to a rent deposit refund in respect of the Sheffield leasehold premises.

5 Estimated Outcome for Secured Creditors

- 5 1 At the date of our appointment the Company's indebtedness to Royal Bank of Scotland was £2,133,604 according to the Bank's letter of demand dated 28 September 2007 and is secured by a fixed and floating charge debenture dated 7 February 2001.
- 5 2 We estimate that the Bank will suffer a shortfall of c. £1.5 million and as a result it is not anticipated that there will be any funds available to enable a distribution to Bridgepoint under its floating charge security.

6 Estimated Outcome for Preferential Creditors

- 6 1 The Enterprise Act 2002, which was brought into force on 15 September 2003, abolishes Crown preference for all insolvencies commenced on or after 15 September 2003. The creditors, which may claim preferential status, are now limited to employees, in respect of arrears of wages up to a maximum of £800, accrued holiday pay entitlement and certain pension contributions.
- 6 2 As a result of the sale of the business and assets to Manorbase, it is our understanding that no significant preferential creditors remain with the Company. The preferential creditor claims which are outstanding will be paid in full once they have been finalised and agreed.

7 Estimated Outcome for Unsecured Creditors

- 7 1 As Administrative Receivers, we are not empowered to deal with the claims of unsecured creditors. Unsecured creditors are, however, invited to forward details of their claims to our office on the attached statement of claim form.
- 7 2 According to information contained within the Company's books and records at the date of appointment, there were approximately £1.68m of outstanding creditors at the date of our appointment.
- 7 3 As the security held pre-dates the Enterprise Act on 15 September 2003, there is no requirement to set aside an "Unsecured Creditors' Fund" as outlined in section 176A of the Insolvency Act 1986.
- 7 4 On present information there is no prospect of any monies becoming available for distribution to unsecured creditors.
- 7 5 A copy of our receipts and payments account is attached at Appendix B.
- 7 6 Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the VAT Act 1994. In broad terms, relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds for Bad Debts account. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain of how to claim should contact their VAT office or seek professional advice.

8 Directors' Estimated Statement of Affairs

- 8 1 In accordance with Section 47 (1) of the Insolvency Act 1986, the Receivers requested the Directors to provide a Statement of Affairs for the Company as at the date of appointment, which will be filed with Companies House. A sworn statement has been received and is attached as Appendix C.

9 Meeting of Creditors

- 9 1 The purpose of the meeting is to present this report to creditors and not for the purpose of appointing a Liquidator or discussing the Company's affairs prior to the receivership. You may therefore deem it unnecessary to attend.
- 9 2 Creditors should note that there is no requirement for the directors of the Company to be present at this meeting.

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93 Creditors will be entitled to vote on the appointment of a creditors committee to assist the Administrative Receivers in the discharge of their duties, if deemed appropriate

For and on behalf of
Firstpoint Healthcare Limited

A handwritten signature in black ink, appearing to be 'F J Gray', written over a horizontal line.

F J Gray
Joint Administrative Receiver

FIRSTPOINT HEALTHCARE LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

Statutory Information

Appendix A

Company Number:	04103318
Directors at Date of Appointment:	Mrs C Cheong Mr M E D Walton
Company Secretary:	Mr G A Berry
Registered Office:	c/o Kroll Limited 134 Edmund Street Birmingham B3 2ES
Previous Registered Office:	1 st Floor Queensgate 121 Suffolk Street Birmingham B1 1LX
Shareholding:	55,070 Ordinary Shares
Held as follows:	11,038 held by Bridgepoint Capital Nominees Ltd 15,726 held by Mrs C Echtle 3,145 held by Mrs S Gilby 5,242 held by Mr S Gray 2,621 held by Mr P McTaggart 5,242 held by Mr G Whiley 9,435 held by Firstpoint Trustees Ltd 2,621 held by Mrs A McTaggart
Shareholding:	1 "A" Ordinary Share
Held as follows:	1 held by Mr J Court

FIRSTPOINT HEALTHCARE LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

Shareholding: 44,188 "B" Ordinary Shares

Held as follows:

396 held by Mr S Gray
198 held by Mr P McTaggart
198 held by Mrs A McTaggart
396 held by Mr G Wiley
43,000 held by Mrs C Cheong

Shareholding: 513,962 Preferential Shares

Held as follows:

513,962 held by Bridgepoint Capital Nominees Ltd

FIRSTPOINT HEALTHCARE LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

Receipts and Payments Account for the Period from 28 September 2007 to 4 December 2007

Appendix B

**Firstpoint Healthcare Ltd
(In Administrative Receivership)**

**Joint Administrative Receivers' Abstract Of Receipts And Payments
To 04 December 2007**

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Goodwill	85,000 00		85 000 00
Bank Interest	8 83		8 83
Fixtures and Fittings		40,000 00	40,000 00
Stock/WIP		40,000 00	40,000 00
Book Debts		556,000 00	556,000 00
Surplus from RBS Invoice Finance		17,664 91	17 664 91
Bank Interest Gross		68 63	68 63
Sundry Refunds		5,279 26	5 279 26
Petty Cash		263 12	263 12
	<u>85,008 83</u>	<u>659,275 92</u>	<u>744,284 75</u>
PAYMENTS			
Bank charges	40 00		40 00
Due to Chargeholder	13,866 91		13,866 91
Suspense A/c - Monies due to Manorbase		20 00	20 00
Agents/Valuers Fees		1 000 00	1 000 00
Statutory Advertising		207 61	207 61
Insurance of Assets		183 75	183 75
Bank Charges		80 00	80 00
Floating Charge Creditor		125,328 92	125 328 92
Floating Charge Creditor (RBS)		500,000 00	500,000 00
VAT Receivable		18,368 83	18,368 83
Fixed VAT Receivable	2,426 71		2,426 71
	<u>16,333 62</u>	<u>645,189 11</u>	<u>661 522 73</u>
Balances in Hand	<u>68,675 21</u>	<u>14,086 81</u>	<u>82,762 02</u>
	<u>85,008 83</u>	<u>659,275 92</u>	<u>744,284 75</u>

Rule 3.4

Form 3.2

Statement of Affairs

Statement as to affairs of

Firstpoint Healthcare Ltd

On the 28 September 2007 the date of the Administrative Receiver's Appointment

Affidavit

This affidavit must be sworn or affirmed before a Solicitor or Commissioner of Oaths when you have completed the rest of this form

I Chiew Cheong

of 25 Paddington Close, Hayes, Middlesex, UB4 9QH

Swear /affirm that the several pages attached marked A, A1 and Company Creditors are to the best of my knowledge and belief a full, true and complete statement of the affairs of the above named company as at 28 September 2007 the date of the appointment of the administrative receiver and that the said company carried on business as

Nursing and Domiciliary Care Agencies

Sworn/affirmed at Mills & Reeve LLP, Birmingham

Date 06 November 2007

Signatures Chiew Cheong

Before me Helen Caroline Louise Binell

[Signature] A Solicitor or Commissioner of Oaths

The Solicitor or Commissioner is particularly requested, before swearing/affirming the affidavit, to make sure that the full name, address and description of the Deponent are stated, and to initial any crossings-out or other alterations in the printed form. A deficiency in the affidavit in any of the above respects will mean that it is refused by the court, and will necessitate its being re-sworn/re-affirmed.

A1 – Summary of Liabilities

		Estimated to realise
Estimated total assets available for preferential creditors (carried from page A)		£ 754,208.04
Liabilities	£725 79	
Preferential creditors -		
Estimated deficiency/surplus as regards preferential creditors		£ 753,482.25
Estimated prescribed part of net property where applicable (to carry forward)	£0 00	
Estimated total assets available for floating charge holders		£ 753,482.25
Debts secured by floating charges	£8,096,259 16	
Estimated deficiency/surplus of assets after floating charges		£ (7,342,776.91)
Estimated prescribed part of net property where applicable (brought down)	£0 00	
Total assets available to unsecured creditors		£ (7,342,776.91)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£1,684,176 30	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£ (9,026,953.21)
Shortfall to floating charge holders (brought down)	£	
Estimated deficiency/surplus as regards creditors		£
Issued and called up capital	£655,170 25	
Estimated total deficiency/surplus as regards members		£ (9,682,123.46)

Signature *Chhiong* Date 6 / 11 / 07

