



InteCare Group

Background

MCR will always assess all types of risk when evaluating a deteriorating or prospective lending situation on behalf of a client. Whilst the primary impetus will be the assessment of the financial status of a business, its recommendations will always consider any operational, reputational or even ethical risks which may be present as this case illustrates most clearly. InteCare was a dispenser of pharmaceutical drugs to high dependency patients residing in care homes or at home under the primary healthcare system. It was a complex operation and over 8000 patients were reliant upon InteCare. The treatment regimes often involved drugs of high value, such as anti-retrovirals or sophisticated anti-inflammatory pharmaceuticals.



MCR Involvement

The two business owners were experienced pharmacists who pursued growth aggressively. The pressures of over-trading caused great tension between the Bank and InteCare and MCR was asked to conduct an IBR. It was clear to MCR that the management reporting was unreliable. Annualised losses exceeded £1m and MCR established that creditor pressure was far more acute than previously thought. The severe cash-flow shortfall became abruptly overwhelming when a key supplier withdrew all credit and denied further supplies. The Directors sought urgent insolvency advice from MCR.

It was clear that Administration was unavoidable and the MCR IBR had already carefully evaluated the adverse consequences of an unstructured failure. An Administration was likely to be lengthy, complex and expensive in order to allow the orderly transfer of the thousands of dependent patients to alternative pharmaceutical suppliers. At best, this would be an enormous logistical challenge and at worst, an abrupt cessation of the InteCare service could result in the intolerable risk of highly vulnerable, often immobile, patients being left without vital life saving drugs.

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Outcome

MCR worked closely with the InteCare management and the Bank to ensure the business survived for sufficient time to allow an accelerated M&A process to be progressed with the assistance of corporate finance specialists. However in the absence of any viable external interest in the business, the existing owners raised £0.5m to acquire the assets of InteCare and the vital continuity of supply to patients was maintained. Newco sourced alternative funding and the Bank exited the InteCare relationship completely. The proposals in the MCR IBR, the detailed pre-planning and the close focus in the critical few weeks leading to the Administration sale delivered a satisfactory outcome. Most importantly, a catastrophic operational melt-down was averted along with all the associated reputational risks that would have entailed.

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Client Testimonial

"It is clear that the IBR conducted by MCR undoubtedly made sure that all the variety of risks arising from the failure of InteCare were properly evaluated and understood. This was a sensitive situation where insolvency was unavoidable but the swift sale of the business delivered the best possible outcome".

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Director - Leading UK Bank

FOR FURTHER ASSISTANCE, PLEASE CONTACT

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