

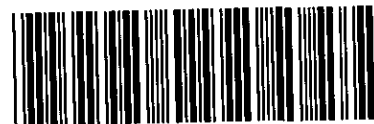
# AM03

## Notice of administrator's proposals



Companies House

WEDNESDAY



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10/04/2019

#174

COMPANIES HOUSE

### 1 Company details

Company number 03772288  
Company name in full Smartsensor Telemed Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Andrew  
Surname Poxon

### 3 Administrator's address

Building name/number Leonard Curtis  
Street Tower 12, 18/22 Bridge Street  
Spinningfields  
Post town Manchester  
County/Region  
Postcode M33BZ  
Country

### 4 Administrator's name ①

Full forename(s) Julien  
Surname Irving

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Leonard Curtis  
Street Tower 12, 18/22 Bridge Street  
Spinningfields  
Post town Manchester  
County/Region  
Postcode M33BZ  
Country


② Other administrator  
Use this section to tell us about  
another administrator.

AM03  
Notice of Administrator's Proposals

6 Statement of proposals

☒ I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature X 	X														
Signature date	<table><tr><td>d</td><td>0</td><td>8</td></tr></table> <table><tr><td>m</td><td>0</td><td>4</td></tr></table> <table><tr><td>y</td><td>2</td><td>0</td><td>y</td><td>1</td><td>y</td><td>9</td></tr></table>	d	0	8	m	0	4	y	2	0	y	1	y	9		
d	0	8														
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**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**SMARTSENSOR TELEMED LIMITED  
(IN ADMINISTRATION)**

Registered Number: 03772288

Court Ref: CR-2019-MAN000073

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List  
(CHD)

**Joint Administrators' Report and Statement of Proposals in accordance  
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of  
the Insolvency (England and Wales) Rules 2016**

**Report date: 8 April 2019**

**Date report deemed to be delivered to creditors: 10 April 2019**

**Leonard Curtis contact details:**

**Tower 12, 18/22 Bridge Street, Spinningfields,  
Manchester M3 3BZ**

**Tel: 0161 831 9999 Fax: 0161 831 9090**

**General email: [recovery@leonardcurtis.co.uk](mailto:recovery@leonardcurtis.co.uk)**

**Email for requests for a physical meeting: [Manchester.meetingreq@leonardcurtis.co.uk](mailto:Manchester.meetingreq@leonardcurtis.co.uk)**

**Ref: M/20/RS/SC82K/1040**

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**TO: THE REGISTRAR OF COMPANIES  
ALL CREDITORS  
ALL EMPLOYEES  
ALL MEMBERS**

## **1 INTRODUCTION**

### ***General information***

- 1.1 I refer to the appointment of Julien Irving and I as Joint Administrators ("the Joint Administrators") of Smartsensor Telemed Limited ("the Company") on 14 February 2019 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the administrators to perform their functions with the objective of:
- a) Rescuing the company as a going concern; or
  - b) 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
  - c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state *that they think*:
- a) That the company has sufficient property to enable each creditor of the company to be paid in full; or
  - b) That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
  - c) That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund. A dividend is, however, expected to be paid to secured creditor. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
  - A statement of the requesting creditor's claim, together with:
    - A list of the creditors concurring with the request and the amount of their respective claims or values; and
    - Confirmation of concurrence from each creditor concurring. OR
  - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

## 2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference CR-2019-MAN000073.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from c/o Abacus Business Consulting, Thistledown, Wendlebury, Bicester OX25 2PE, to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ on 4 March 2019. The registered number is 03772288. The Company traded as its registered name.
- 2.4 The Company had a virtual office at Harwell Innovation Centre, Building 173, Curie Avenue, Harwell Science and Innovation Campus, Oxfordshire OX11 0QG.
- 2.5 The Company's directors are:

Name	Role	Date Appointed
James Jackson	Director	20/04/2000
James Roy Kelly	Director	22/01/2019
Michael O'Regan	Director	29/01/2019

- 2.6 The Company's authorised share capital is £198.99. The issued share capital comprises 19,899 A Ordinary shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Innovox Limited	Ordinary A	2,322	11.7%
James Jackson	Ordinary A	8,016	40.3%
William Cunningham	Ordinary A	257	1.3%
Neville Hopkins	Ordinary A	1,507	7.6%
Sir Martin Francis Wood	Ordinary A	1,003	5.0%
Lady Kathleen Audrey Wood	Ordinary A	1,001	5.0%
Mehul Khimasia	Ordinary A	306	1.5%
St Georges Trust Company Limited (incorporating Sterling Trust Company)	Ordinary A	839	4.2%
Sally White	Ordinary A	280	1.4%
Lucy Geldenhuys	Ordinary A	280	1.4%
Matthew Baldwin	Ordinary A	1,375	6.9%
Matthew Bergman-Smith	Ordinary A	113	0.6%
Hugo Tewson	Ordinary A	1,268	6.4%
Ifa Trodd	Ordinary A	35	0.2%
Tom Crampton Smith	Ordinary A	171	0.9%
Mike Harle	Ordinary A	273	1.4%
Ian Yarlott	Ordinary A	35	0.2%
Tim Jones	Ordinary A	101	0.5%
Owen Mumford Limited	Ordinary A	717	3.6%
		<b>19,899</b>	<b>100%</b>

2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
James Roy Kelly as Security Trustee	01/04/2016	Debenture	All monies	All assets

2.8 The EC Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

### 3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

3.1 The Company was incorporated on 18 May 1999 and its founding director was Mr James Jackson.

3.2 The Company was established with a view to developing new products for the healthcare sector to address the growth in chronic diseases. One of the initial focusses was the development of a product to detect and manage the risks in diabetes.

3.3 The Company commenced trading in July 2000 following an initial investment made by InnovOx Ltd of £60K and a government grant of £15K. Further funds of £100K were introduced by InnovOx in 2001 and an additional government grant of £60K.

3.4 Since 2002 and up until 2017 other investors and Pharmaceutical companies have provided significant additional development capital with one pharmaceutical company providing c £2.2M from June 2009 onwards.

3.5 The Company focused on the development of an innovative home use test kit for performing the Oral Glucose Tolerance Test ("OGTT").

3.6 In 2008, the first patent was filed in respect of the OGTT platform.

3.7 In 2011, a clinical study of the prototype OGTT system was undertaken by a leading UK university and in 2012 a designer in respect of the manufacture of the product was identified.

3.8 In 2013, the first OGTT patent was approved in the USA.

3.9 Since that date further evaluation studies have been undertaken and planning for manufacture of a finalised product was continued.

3.10 *Given the continual requirement for development capital and the fact that the product was not in a final form and clinical trial assessments were still ongoing a decision was taken to seek a purchaser for the business in late 2018. Unfortunately whilst interest was shown in the Company and its product a sale was not agreed.*

3.11 As a consequence and given the lack of ongoing development capital the Company approached Leonard Curtis Recovery ("LCR") in February 2019. It was concluded that the Company was insolvent in accordance with S123 of the Insolvency Act 1986 in so far as the Company could not pay its debts as and when they fell due and without an injection of working capital, which was considered unlikely, it would appear that it has no alternative other than to consider a formal insolvency process.

3.12 A decision was taken to place the company into administration with a view to Administrators identifying a purchaser. A letter of engagement was issued on 12 February 2019 and the Directors formally instructed LCR to assist in placing the Company into Administration.

- 3.13 The Directors subsequently filed a Notice of Intention to Appoint an Administrator ("NOI") at High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) on 12 February 2019 and this was served on the Company and the secured creditor of the Company. The NOI proposed to appoint Andrew Poxon and Julien Irving of Leonard Curtis as Joint Administrators.
- 3.19 Following receipt of the consent of the secured creditors to the appointment, the Directors filed a Notice of Appointment at High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) on 14 February 2019, appointing A Poxon and J Irving as Joint Administrators.
- 3.20 A Poxon and J Irving are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

#### **4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION**

- 4.1 The Company's trading results for the years ended 31 March 2017 and 31 March 2018 and the management accounts for the period ended 31 January 2019 are detailed below:

	<b>Mgmt Period ended 31/01/2019 £'000</b>	<b>Signed Year ended 31/03/2018 £'000</b>	<b>Signed Year ended 31/03/2017 £'000</b>
Turnover	-	-	-
Gross Profit / (Loss)	16	(48)	(7)
Gross Profit %	-	-	-
Administrative expenses	(23)	(66)	(170)
Operating Profit/(Loss)	(7)	(114)	(177)
Interest and charges	-	-	-
Profit/(Loss) before tax	(7)	(114)	(177)
Taxation	-	-	7
Profit for the year	(7)	(114)	(170)

- 4.2 Please note that the gross profit in the management accounts for the period ended 31 January 2019 is in respect of product development costs that have been refunded.

4.3 The balance sheets as at 31 March 2017, 31 March 2018 and 31 January 2019 are detailed below:

	<b>Mgmt 31/01/2019 £'000</b>	<b>Signed 31/03/2018 £'000</b>	<b>Signed 31/03/2017 £'000</b>
<b>Fixed Assets</b>			
Tangible Assets	<u>1</u>	<u>-</u>	<u>-</u>
<b>Current Assets</b>			
Debtors	(5)	8	28
Cash	<u>25</u>	<u>54</u>	<u>189</u>
	20	62	217
Creditors: Amounts Falling due within one year	<u>1</u>	<u>(42)</u>	<u>(83)</u>
Net Current Assets/(Liabilities)	<u>21</u>	<u>20</u>	<u>134</u>
Total Assets less Current Liabilities	22	20	134
Creditors: Amounts falling due after more than year	(315)	(100)	(300)
<b>Net Assets</b>	<u>(293)</u>	<u>(80)</u>	<u>(166)</u>
<b>Represented by</b>			
Called up share capital (£199)	-	-	-
Share Premium	1,388	1,588	1,388
Retained earnings	<u>(1,681)</u>	<u>(1,668)</u>	<u>(1,554)</u>
<b>Shareholders' Funds</b>	<u>293</u>	<u>(80)</u>	<u>(166)</u>

4.4 It should be noted that the accounts for the period ended 31 January 2019 have been taken from management accounts and should not be taken as agreed. In particular it should be noted that the movements in the retained earnings do not correlate with the trading results.

#### **Statement of Affairs**

4.5 The directors are required to lodge a statement of affairs as at 14 February 2019 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

4.6 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

#### **Secured Creditor**

##### **James Roy Kelly as Security Trustee ("JRK")**

4.7 JRK holds security by way of a Debenture incorporating Fixed and Floating Charges over the Company's assets created on 1 April 2016. James Roy Kelly is the Security Trustee in respect of 5 loan notes, each totalling £20,000 in favour of James Jackson, Mike Harle, Sir Martin and Lady Audrey Wood, Matthew Baldwin and St. George's Trust Company Limited.

- 4.8 The Company's indebtedness to JRK on our appointment was £100,000. Further interest and charges are applicable pursuant to the terms of the agreement.
- 4.9 Following a sale of the assets, realisations are sufficient to enable repayment of JRK in full under their Fixed Charge. Distributions to the loan note holders will be made shortly.

**Prescribed Part**

- 4.10 As the secured creditor will be repaid in full under its fixed charge, there is no requirement to set aside a prescribed part in this case.

**Preferential Claims**

- 4.11 The only categories of claims which have preferential status are those of employees in respect of wages (capped at £800), accrued holiday pay and certain pension contributions.
- 4.12 On our appointment, James Jackson made a claim as an employee of the Company however no significant payments had been made to Mr Jackson for some time. We understand that various salary waivers had been signed by Mr Jackson in this respect. Given these circumstances Mr Jackson's employment claim was uncertain.
- 4.13 The financial circumstances of the Company meant that it was no longer able to meet any existing staff and salary costs and Mr Jackson was advised that if he was deemed to be an employee of the Company then the employment was terminated with effect from 14 February 2019 due to redundancy. A redundancy notice was also served on Roy Kelly for completeness.
- 4.14 The Joint Administrators commenced steps to establish Mr Jackson's employment status.
- 4.15 However, as part of the sale agreement in respect of the asset sale, detailed at section 5 below, it was agreed that the Purchaser would procure waivers from Mr James Jackson of his various employment claims against the Company. These claims had not been finalised although the initial claims made were in the order of c£385k, some of which may have ranked preferentially.
- 4.16 No preferential claims therefore are anticipated in the Administration.

**Unsecured Claims**

- 4.17 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix I. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

**Receipts and Payments**

- 4.18 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

**5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT**

**Sale of Assets**

- 5.1 A marketing campaign was commenced by the Joint Administrators on 15 February 2019.
- 5.2 The Joint Administrators approached approximately 10 leading pharmaceutical companies who had previously expressed an interest in the OGTT product. In addition, the opportunity was discussed with Mr James Jackson.

- 5.3 A data room had already been established by the Company and further documents were added during the course of the marketing process. Prior to providing access to the data room the Joint Administrators required interested parties to sign a non-disclosure agreement.
- 5.4 Extensions of the initial deadline were provided to allow potential purchasers more time to make an assessment.
- 5.5 Following receipt of offers it was decided that the Administrators would seek best and final offers by close of business on 28 March 2019.
- 5.6 One potential purchaser was then selected by the administrators and a sale was negotiated between the Administrators and their advisors and the purchaser and its advisors.
- 5.7 A final offer of £185,000 was made by Digostics Limited (CRN: 11797881) ("the Purchaser") to the Joint Administrators. This offer was accepted and the business sale was concluded on 8 April 2019.
- 5.8 The Purchaser is deemed a connected party under Sections 249 and 435 of the Act by way of a common director and shareholder, James Jackson who is a director and shareholder of the Company and the Purchaser.
- 5.9 The sales consideration of £185,000 was apportioned as follows:

<b>FIXED CHARGE ASSETS</b>	<b>£</b>
Goodwill	1.00
Intellectual Property	180,000.00
 <b>FLOATING CHARGE ASSETS</b>	
Business Information	1.00
Fixtures, Fittings and Equipment	998.00
Stock	4,000.00
<b>TOTAL</b>	<b><u>185,000.00</u></b>

- 5.10 The sales consideration was received on completion.

**Balance at Bank**

- 5.11 The Company held a bank account with Barclays Bank Plc ("Barclays"). At the date of appointment, the account balance was £21,606.19 and the funds have been received by the Joint Administrators.

**VAT Refund**

- 5.12 It is understood that a VAT refund may be due from HM Revenue & Customs ("HMRC") to the Company. The Joint Administrators have instructed Livewire Business Services to reconcile the amounts due and submit the appropriate VAT returns. Further details will be provided to creditors in due course.

**Bank Interest**

- 5.13 Bank interest in the sum of £3.72 has been received by the Joint Administrators.

### Professional Advisors and Subcontractors Used

- 5.14 On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor		Service Provided	Basis of Fees
Knights Plc ("Knights")		Legal advice	Time costs
Champion Accountants LLP ("Champion")		Tax advice	Time costs
Livewire Business Services ("Livewire")		Professional Fees	Time costs

#### Knights

- 5.15 Knights is a business law firm with market leading strength in offering commercial advice to business and business owners. Knights were instructed by the Joint Administrators due to their long standing history of assisting insolvency office holders with insolvency matters.

#### Champion

- 5.16 Champion, chartered accountants, were instructed to provide tax advice in respect of the asset sale.

#### Livewire

- 5.17 Livewire, the Company's bookkeeper, was instructed to provide a six month Xero Subscription and completion of the outstanding pre-appointment VAT returns.
- 5.18 Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

## 6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
  - (b) 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 (if (a) and (b) cannot be achieved);
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors.
- 6.4 *The third objective is to realise property in order to make a distribution to secured and / or preferential creditors.* This objective is likely to be achieved as it is anticipated that JRK will be repaid in full under their fixed charge following a sale of the assets.
- 6.5 As confirmed in section 4 of this report, it is not anticipated that there will be any preferential claims made in the Administration. However, should any preferential claims be received it is unlikely that there will be sufficient funds to make a distribution to preferential creditors.

## **7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE**

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

## **8 EXTENSION OF ADMINISTRATION**

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of each secured creditor of the Company.
- 8.3 We do not believe that an extension to the administration will be necessary in this case.

## **9 PRE-ADMINISTRATION COSTS**

- 9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis Recovery	Carried out an assessment of the financial position with a view to establishing the appropriate insolvency procedure. Providing insolvency advice to the Director and Company on the available options, liaising with the secured creditor with regards the strategy and dealing with all appointment formalities.	£4,975.00	Nil	n/a	£4,975.00
Knights	Preparing and executing the required appointment documentation.	£2,000.00	Nil	n/a	£2,000.00
<b>Total</b>		<b>£6,975.00</b>			<b>£6,975.00</b>

- 9.3 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £4,975.00 have been incurred which represents 14.1 hours at a rate of £352.84 per hour.

#### **Work Undertaken by Leonard Curtis**

- 9.4 In the period prior to Administration, Leonard Curtis Recovery provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company.
- 9.5 The Joint Administrators evaluated the Company's financial position and advised that the Company was insolvent as it was unable to pay its liabilities as and when they fell due.
- 9.6 Subsequently it was advised that Administration was the most suitable form of insolvency procedure and the Joint Administrators assisted with formulating an administration strategy.
- 9.7 The work undertaken included but was not limited to:
- Advising the Company on which insolvency process would be most appropriate;
  - Dealing with all formalities in relation to the appointment of Administrators;
  - Liaising with the Directors and secured creditor with regards to the strategy;
  - Obtaining the Company's relevant financial information; and
  - Liaising with Knights with regards to the appointment documents.

#### **Work undertaken by Knights**

- 9.8 Following the decision to place the Company into administration, costs were incurred by Knights in dealing with the formalities associated with placing the Company into administration, which included:
- Drafting an NOI and filing of the same in the High Court of Justice Business and Property Courts in Manchester on 12 February 2019 and serving on the Company and the secured creditor;
  - Checking if any winding up petitions had been presented in relation to the Company;
  - Drafting the appointment documentation and filing of the same in the High Court of Justice Business and Property Courts in Manchester; and
  - Providing general legal advice in respect of the Joint Administrators' appointment.
- 9.9 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured creditor to this resolution.

## 10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

### General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

### Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators' remuneration lies with the Creditors' Committee (if there is one); or if none (or the Committee does not make the requisite determination): each secured creditor of the Company; or where the Joint Administrators intend to make a distribution to preferential creditors: each secured creditor of the Company and a decision of the preferential creditors.
- 10.3 In the absence of a Creditors' Committee being established in this case, approval will be sought from the secured creditor and the outcome will be reported to all creditors in due course.

### Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the secured creditor's agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

### The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
  - The hourly rate or rates that the Joint Administrators and their staff propose to use; and
  - The time that the Joint Administrators anticipate that each part of the work will take.

Details of the Joint Administrators' time costs to 31 March 2019 have also been included for comparison purposes. In summary, time costs of £26,285.50 have been incurred to date which represents 68.8 hours at an average rate of £382.06 per hour.

- 10.6 The total amount of time costs as set out in the Fees Estimate is £64,645.50. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to secured creditor for further approval.
- 10.8 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.

- 10.9 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If you would prefer this to be sent to you in hard copy please email [recovery@leonardcurtis.co.uk](mailto:recovery@leonardcurtis.co.uk) or contact Rochelle Schofield of this office on 0161 831 9999.

### **Statement of Likely Expenses**

- 10.10 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:
- (i) *Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.*
  - (ii) *Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the secured creditor in the same way as fees and the secured creditor will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.*

### **Further Updates**

- 10.11 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

## **11 ESTIMATED OUTCOME FOR CREDITORS**

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;
  - b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
  - c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.
- 11.3 In summary:
- Secured creditors - It is anticipated that JRK will be repaid in full under their Fixed Charge following the sale of Goodwill and Intellectual Property.
  - Preferential creditors – as detailed at 4.15 no preferential claims are anticipated in the Administration.
  - Unsecured creditors – it is considered unlikely that there will be sufficient realisations to enable a distribution to the unsecured creditors.

## 12 RELEASE OF ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 12.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditor. The appropriate class of creditor will be contacted directly in this respect.

## 13 CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Creditors will be advised of the outcome on the deemed approval of the Proposals in due course.

Should you have any queries or require any further clarification please contact Rochelle Schofield at my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of  
**SMARTSENSOR TELEMED LIMITED**



**ANDREW POXON**  
**JOINT ADMINISTRATOR**

Andrew Poxon is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 8620 and Julien Irving is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 13092

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

**JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS**

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Andrew Poxon and/or Julien Irving be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Andrew Poxon and/or Julien Irving be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

## APPENDIX B

## ESTIMATED FINANCIAL POSITION AS AT 14 FEBRUARY 2019

	Notes	Book value £	In Administration £
<b>Assets specifically pledged</b>			
Goodwill	1	Nil	1
Intellectual Property	2	Nil	180,000
less: James Roy Kelly as Security Trustee	3	(100,000)	(100,000)
<b>Surplus as regards fixed charge holder</b>		<u>(100,000)</u>	<u>80,001</u>
<b>Assets not specifically pledged</b>			
Surplus from fixed charge holder		-	80,001
Business Information	4	Nil	1
Fixtures, Fittings and Equipment	5	1,054	998
Stock	6	Nil	4,000
Balance at Bank	7	21,606	21,606
VAT Refund	8	n/k	n/k
		<u>22,660</u>	<u>106,606</u>
Preferential creditors	9	Nil	Nil
<b>Net property available for prescribed part</b>		<u>22,660</u>	<u>106,606</u>
<b>Prescribed part calculation</b>	10	n/a	n/a
<b>Available for floating charge creditor</b>		22,660	106,606
James Roy Kelly as Security Trustee	3	(100,000)	Nil
<b>Surplus as regards floating charge holder</b>		<u>(77,340)</u>	<u>106,606</u>
<b>Add back prescribed part</b>	10	Nil	Nil
<b>Available for unsecured creditors</b>		<u>Nil</u>	<u>106,606</u>
<b>Unsecured creditors</b>			
Directors' Loan Account	11	(15,000)	(15,000)
Trade and expense creditors	12	(1,002)	(1,002)
<b>Total value of unsecured creditors</b>		<u>(16,002)</u>	<u>(16,002)</u>
<b>Estimated deficiency as regards unsecured creditors</b>		<u>(16,002)</u>	<u>90,604</u>

**NOTES TO THE ESTIMATED FINANCIAL POSITION**

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

**1. Goodwill**

The book value of the Goodwill has been taken from the latest available management accounts as at 31 January 2019.

A sale of the Goodwill was completed on 8 April 2019 in the sum of £1.

**2. Intellectual Property**

The book value of the Intellectual Property has been taken from the latest available management accounts as at 31 January 2019.

A sale of the Intellectual Property was completed on 8 April 2019 in the sum of £180,000.

**3. James Roy Kelly as Security Trustee ("JRK")**

JRK holds security by way of a Debenture incorporating Fixed and Floating Charges over the Company's assets created on 1 April 2016. James Roy Kelly is the Security Trustee in respect of 5 loan notes, each totalling £20,000 in favour of James Jackson, Mike Harle, Sir Martin and Lady Audrey Wood, Matthew Baldwin and St. George's Trust Company Limited.

The Company's indebtedness to JRK on our appointment was £100,000. Further interest is applicable pursuant to the terms of the agreement.

**4. Business Information**

The book value of the Business Information has been taken from the latest available management accounts as at 31 January 2019.

A sale of the Business Information was completed on 8 April 2019 in the sum of £1.

**5. Fixtures, Fittings and Equipment**

The book value of the Fixtures, Fittings and Equipment has been taken from the latest available management accounts as at 31 January 2019.

A sale of the Fixtures, Fittings and Equipment was completed on 8 April 2019 in the sum of £998.

**6. Stock**

The book value of the Stock has been taken from the latest available management accounts as at 31 January 2019.

A sale of the Stock was completed on 8 April 2019 in the sum of £4,000.

**7. Balance at Bank**

The Company held a bank account with Barclays Bank Plc ("Barclays"). At the date of appointment, the account balance was £21,606.19 and the funds have been received by the Joint Administrators.

**8. VAT Refund**

It is understood that a VAT refund may be due from HM Revenue & Customs ("HMRC") to the Company. The Joint Administrators have instructed Livewire Business Services to reconcile the amounts due and submit the appropriate VAT returns. Further details will be provided to creditors in due course.

**9. Preferential Creditors**

The only categories of claims which have preferential status are those of employees in respect of wages (capped at £800), accrued holiday pay and certain pension contributions.

On our appointment, James Jackson made a claim as an employee of the Company however no significant payments had been made to Mr Jackson for some time. We understand that various salary waivers had been signed by Mr Jackson in this respect. Given these circumstances Mr Jackson's employment claim was uncertain.

The financial circumstances of the Company meant that it was no longer able to meet any existing staff and salary costs and Mr Jackson was advised that if he was deemed to be an employee of the Company then the employment was terminated with effect from 14 February 2019 due to redundancy. A redundancy notice was also served on Roy Kelly for completeness.

The Joint Administrators commenced steps to establish Mr Jackson's employment status.

However, as part of the sale agreement in respect of the asset sale, detailed at section 5 below, it was agreed that the Purchaser would procure waivers from Mr James Jackson of his various employment claims against the Company. These claims had not been finalised although the initial claims made were in the order of c£385k, some of which may have ranked preferentially.

No preferential claims therefore are anticipated in the Administration.

**10. Prescribed Part**

As it is anticipated the secured creditor will be repaid in full under its fixed charge, there is no requirement to set aside a prescribed part in this case.

**11. Trade and expense creditors**

This figure has been taken from company records and should not be regarded as an agreed amount.

**12. Director's Loan Account**

This figure has been taken from company records and should not be regarded as an agreed amount.

APPENDIX B (CONTINUED)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address --				Per Statement of Affairs
Barclaycard Commercial	PO Box 4000	Saffron Road	Wigston	LE18 9EN	1,002.09
James Jackson	The Laithe House	Woods Lane	Cliddesden	RG25 2JF	15,000.00
James Roy Kelly as Security Trustee	1 The Point Apartments	Port St Mary	Isle of Man	IM9 3EG	100,000.00
<b>Total</b>					<b>116,002.09</b>

**NOTE: NOTE:**

James Roy Kelly holds security by way of a Debenture incorporating a Fixed and Floating Charge over the Company's assets which was created on 1 April 2016.

## APPENDIX C

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM  
14 FEBRUARY 2019 TO 08 APRIL 2019**

	Statement of Affairs £	Received to date £
<b>RECEIPTS</b>		
Goodwill	1	-
Intellectual Property	180,000	-
Business Information	1	-
Fixtures, Fittings and Equipment	998	-
Stock	4,000	-
Balance at Bank	21,606	21,606.19
VAT Refund	n/k	-
Bank Interest	-	3.72
	<u>206,606</u>	<u>21,609.91</u>
<b>PAYMENTS</b>		
Patent Renewal Fee		(1,908.74)
Storage Charges		(243.50)
Bank Interest and Charges		(37.50)
		<u>(2,189.74)</u>
<b>BALANCE IN HAND</b>		<u>19,420.17</u>

Please note that Knights are holding the consideration to our order received on completion of the sale of assets in the sum of £185,000 which is anticipated to be received by the Joint Administrators shortly and allocated as follows; Goodwill (£1), Intellectual Property (£180,000), Business Information (£1), Fixtures, Fittings and Equipment (£998) and Stock (£4,000).

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total		
	Units No	Cost £	Average hourly rate £
Financial assessment	6	270.00	450.00
Strategy and purpose evaluation	57	2,461.00	431.75
Preparation of documents	66	1,704.00	258.18
Chargeholder	12	540.00	450.00
	141	4,975.00	352.84

**APPENDIX D (CONTINUED)**

**DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS**

**Financial Assessment**

The Joint Administrators reviewed the Company information provided to establish the Company's financial position and to determine the most appropriate strategy for the Company and its creditors.

**Strategy & Purpose Evaluation**

Time has been spent in relation to the strategy and purpose evaluation, this included but was not been limited to:

- Discussions with the Directors to ascertain all pertinent issues;
- Discussions with the Directors and secured creditor to establish the Company's financial position and to determine the most appropriate strategy for the Company and its creditors.
- Planning the course of the administration and the best strategy to maximise realisations;
- Obtaining the Company's relevant financial information; and
- Liaising with Knights with regards the proposed administration.

**Preparation of Documents**

Time incurred in relation to this category of work has involved the following:

- Drafting a letter of engagement and ethical / conflict review paper work for review;
- Overseeing the preparation and filing of the Notice of Intention to Appointment an Administrator;
- Verifying the Directors and Shareholder's identity in compliance with money laundering obligations;
- Setting up of the case file and completion of the pre-appointment requirements; and
- Overseeing the preparation and filing of the Notice of Appointment of an Administrator.

**Chargeholder**

Time appended to this category consists of various correspondence with the secured creditor regarding the administration strategy, their indebtedness and security.

## APPENDIX E

## JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO 31 MARCH 2019

	FEES ESTIMATE			INCURRED TO 31 MARCH 2019		
	Total			Total		
	Units No	Cost £	Average hourly rate £	Units No	Cost £	Average hourly rate £
Statutory and review	250	8,124.00	324.96	15	675.00	450.00
Receipts and payments	85	2,700.00	317.65	23	692.00	300.87
Insurance, bonding and pensions	42	1,459.00	347.38	16	530.00	331.25
Assets	440	17,522.50	398.24	348	14,125.00	405.89
Liabilities	361	12,010.00	332.69	75	3,290.00	438.67
Debenture Holder	58	2,169.50	374.05	19	855.00	450.00
General Administration	141	4,199.50	297.84	40	1,553.50	388.38
Appointment	104	2,490.00	239.42	104	2,490.00	239.42
Planning & Strategy	34	1,246.00	366.47	-	-	-
Post Appointment Creditors' Decisions	210	7,790.00	370.95	-	-	-
Investigations	140	4,935.00	352.50	48	2,075.00	432.29
	1,865	64,645.00	346.62	688	26,285.50	382.06

**APPENDIX E (CONTINUED)**

**JOINT ADMINISTRATORS' FEES ESTIMATE**

**DETAILS OF WORK PROPOSED TO BE UNDERTAKEN**

**Statutory and Review**

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews - LC Compliance Department will spend time during the Administration reviewing the Joint Administrators' case files. This will involve reviewing all correspondence, statutory documentation, creditor claims, asset realisations and procedures undertaken by the Joint Administrators before and upon their appointment. A report encompassing details of the review will subsequently be produced which is likely to contain recommendations to the Joint Administrators to ensure that all matters are being progressed and that adherence to statutory requirements continue to be met. Senior members of LC are likely to spend time reviewing the outcome of the report. Time will be incurred by the case administrators and managers conducting work recommended by the Compliance department. As the case progresses the case administrator will as a minimum carry out six monthly reviews to ensure that the case is progressing as planned;
- Allocation of staff, management of staff, case resourcing and budgeting – Time recorded to this category may include a degree of case planning. This is likely to involve a number of internal meetings in order to ensure that the purpose of the Administration is being achieved and that the actions taken by the Joint Administrators are in accordance with the duty to act in the interest of the company, its creditors and stakeholders;
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

To 31 March 2019, time has been spent reviewing the file since appointment and case planning in order to ensure that the actions taken by the Joint Administrators are in accordance with the duty to act in the interest of the company, its creditors and stakeholders.

**Receipts and Payments**

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank account;
- Management of case bank account to ensure compliance with relevant risk management procedures;
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified;

- Preparation of periodic receipts and payments accounts for inclusion in statutory reports – As the case is anticipated to last for a period of 12 months it is anticipated that in addition to the R&P included in this report there will be a further two prepared for the progress report and the final report;
- Timely completion of all post appointment tax and VAT returns;
- Preparation and review of a number of periodic estimated outcome statements ("EOS") which will be used to monitor the progress of asset realisations and the administration generally; and
- Managing estate expenses.

To 31 December 2018, time has been spent opening the case bank account, managing estate expenses and preparing an EOS.

### Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Calculation and request of Joint Administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation and liaising with pensions providers to understand the nature of the scheme; and
- Liaising with pension companies to arrange for prompt wind up of schemes, if necessary - time will be spent liaising with the pension provider to determine if the Company has any outstanding obligations in respect of the scheme.

To 31 March 2019, time has been spent calculating and requesting the Joint Administrators bond. Time has also been spent making enquiries with regards to the pension scheme and submitting s120 and s 22 notices. Time has also been spent liaising with Close Premium Finance with regards to the Directors and Officers Insurance Policy.

### Assets

- Agreeing strategy for realisation of Company assets – Significant time has been spent marketing the assets for sale. Time has been spent formulating and advertising a flyer to advertise the assets for sale, liaising with all interested parties and issuing the non-disclosure forms. Time has been spent reviewing the position and extending the deadline for offers. Time has also been spent liaising with the Purchaser with regards to the offer received and liaising with Knights in respect of the sales documentation. Time will also be spent printing off and reviewing the sales documentation and arranging for the signing of the documents. Time will also be spent completing the sale of assets and receiving the consideration due. The Goodwill and Intellectual Property are subject to a fixed charge this asset will not be available to the general body of creditors except in so far as they exceed the indebtedness to the secured creditor;
- Liaising with Company's bankers re pre-appointment bank accounts; and
- Liaising with Company's bookkeeper regarding potential pre administration VAT refund.

To 31 March 2019, significant time has been spent marketing the assets for sale and completing a sale of the assets, full details of which are provided above. Time has also been spent requesting the balance at bank from Barclays.

## **Liabilities**

This category of time includes both statutory and non-statutory matters.

### *Statutory*

- Processing of claims from the Company's creditors – all claims received from the Company's 2 creditors will be logged. Should the Company enter into Liquidation, all claims will be collated and passed to the Liquidators. Claims are not being formally agreed at this stage as it is not anticipated that there will be a dividend to the unsecured creditors;
- Processing of claims from the Company's employees – As detailed at section 4, on our appointment, James Jackson made a claim as an employee of the Company however no significant payments had been made to Mr Jackson for some time. We understand that various salary waivers had been signed by Mr Jackson in this respect. Given these circumstances Mr Jackson's employment claim was uncertain. The financial circumstances of the Company meant that it was no longer able to meet any existing staff and salary costs and Mr Jackson was advised that if he was deemed to be an employee of the Company then the employment was terminated with effect from 14 February 2019 due to redundancy. The Joint Administrators commenced steps to establish Mr Jackson's employment status. However, as part of the sale agreement in respect of the asset sale, detailed at section 5, it was agreed that the Purchaser would procure waivers from Mr James Jackson of his various employment claims against the company. These claims had not been finalised although the initial claims made were in the order of c£385k.
- Preparation, review and submission of pre-appointment tax and VAT returns – it is anticipated that the Company may be in a VAT refund position. The Company's bookkeeper Livewire Business Services, has been instructed to prepare the outstanding pre-appointment VAT returns; and
- Preparation and submission of periodic progress reports to creditors – It is anticipated that the administration will last for the standard 12 months, as such in addition to this report, there will be two progress reports which will be prepared during the lifetime of the case; and

### *Non-statutory*

- Dealing with enquiries from the Company's creditors – this will include dealing with correspondence by way of telephone, email and post.
- Dealing with enquiries from the Company's employees - this will include dealing with correspondence by way of telephone and email.

To 31 March 2019, time was spent liaising with Mr Jackson in respect of his employment status and his potential claims by post and email. Time was also spent obtaining legal advice in respect of Mr Jackson's employment status.

## **Debenture Holder**

- Corresponding with the debenture holder in relation to the Administration; and
- Providing regular updates to the secured creditors.

To 31 March 2019, time has been spent providing regular updates to the secured creditor.

## **General Administration**

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters;
- Setting up and maintaining the Administrators' records;

- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

To 31 March 2019, time has been spent maintaining the Administration case file and requesting the Company books and records from the Directors. Time has also been spent liaising with the directors to advise on the progress of the administration.

### Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the administration process. Other tasks are completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to 31 March 2019 are both statutory and non-statutory and include the following:

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

### Planning & Strategy

- Monitoring the Administration to ensure the strategy and purpose can be achieved.

### Post Appointment Creditors' Decisions

Agreeing and reporting on our proposals and fee basis is a statutory requirement. Work will include:

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015; and
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

### Investigations

- Collecting and reviewing the Company's records;
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations. Statutory Investigations will include determining if any of the following have occurred:
  - Transactions at an Undervalue;
  - Preferences;
  - Transactions putting assets beyond the reach of creditors
  - Misfeasance or breach of any fiduciary duty
  - Wrongful trading
  - Undue retention of Crown monies

To 31 March 2019, time has been spent liaising with the Directors to obtain relevant company information. Time has been spent reviewing any information received. Time has also been spent conducting initial investigations pursuant to SIP2.

## JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

## Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	15.00
Bond Fee	Insurance bond	260.00
Document Hosting	Hosting of documents for creditors	56.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	85.95
Storage Costs	Storage of books and records	150.00
Post redirection	Redirection of post	204.00
	<b>Total standard expenses</b>	<b>896.95</b>

**Case Specific Expenses**

<b>Type</b>	<b>Description</b>	<b>Amount £</b>
Legal Fees	Costs of appointed solicitors	18,000.00
Accountancy Fees	Accountancy advice and costs of assisting with the preparation of the statement of affairs	1,500.00
Accountancy Fees	Costs in respect of tax advice	1,500.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	50.00
Corporation Tax (estimate)	Tax due to HMRC following sale of assets	16,000.00
Patent Renewal Fee	Renewal of Company Patents	1,908.74
Storage Charges	Storage of Company assets	243.50
Professional Fees	Provision of information and bookkeeping, six months Xero Subscription and completion of VAT returns	1,000.00
Professional Fees	Pension Scheme Advice	250.00
Virtual Office Fees	Virtual Office Fees	41.22
IT Support	Managed Server	520.78
Insurance	Insurance Costs in respect of Directors and Officers Insurance Policy	605.00
Bank Interest and Charges	Bank Charges for CHAPS transfers	100.00
	<b>Total case specific expenses</b>	<b>£41,719.24</b>

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured £'000	Preferential £'000	Unsecured £'000
Amount estimated available to class of creditor	160	Nil	Nil
Amount due to creditor per Appendix B	(100)	Nil	(16)
Estimated dividend rate (as a %)	100%	Nil	Nil

**LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS**

The following Leonard Curtis policy information is considered to be relevant to creditors:

**Staff Allocation and Charge Out Rates**

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard £	Complex £
Director	450	562
Senior Manager	410	512
Manager 1	365	456
Manager 2	320	400
Administrator 1	260	325
Administrator 2	230	287
Administrator 3	210	262
Administrator 4	150	187
Support	0	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

**Subcontractors**

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

**Professional Advisors**

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

**Expenses**

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual

Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting	Hosting of documents for creditors/shareholders. Cost per upload.	<table> <tr> <th>Type</th><th>First 100</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td>£10 p.a. or £25 for life of case</td><td></td></tr> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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IVA	£10 p.a. or £25 for life of case																									
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00																								
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£85.95 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See <b>disbursements</b> section below	See <b>disbursements</b> section below

### Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

APPENDIX I

Insolvency (England and Wales) Rules 2016

Rule 14.4

**Proof of Debt – General Form**

**Relevant date: 14 February 2019**

**Name of Company in Administration:**

Smartsensor Telemed Limited

**Company registered number:**

03772288

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

--

8. Details of any document by reference to which the debt relates

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9. Signature of creditor (or person authorised to act on the creditor's behalf)

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10. Date of signing:

--

11. Address of person signing (if different from 2 above)

--

12. Name in BLOCK LETTERS

--

13. Position with, or relation to, creditor

--

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.

# AM03

## Notice of Administrator's Proposals



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Rochelle Schofield									
Company name	Leonard Curtis									
Address	Tower 12, 18/22 Bridge Street									
	Spinningfields									
	Manchester									
Post town										
County/Region										
Postcode	M	3		3	B	Z				
Country										
DX										
Telephone	0161 831 9999									



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and number match the information held on the public Register.
- ☒ You have attached the required documents.
- ☒ You have signed and dated the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)