

AM23

Notice of move from administration to dissolution



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 4 1 7 9 5 0 3

Company name in full Sphere Medical Holding Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Business & Property Courts of
England & Wales

Court number C R - 2 0 1 9 - 6 2 9 6

3 Administrator's name

Full forename(s) Stephen John

Surname Absolom

4 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London


County/Region

Postcode E 1 4 5 G L

Country

AM23

Notice of move from administration to dissolution

5	Administrator's name ①	
Full forename(s)	William James	① Other administrator Use this section to tell us about another administrator.
Surname	Wright	
6	Administrator's address ②	
Building name/number	15 Canada Square	② Other administrator Use this section to tell us about another administrator.
Street	Canary Wharf	
Post town	London	
County/Region		
Postcode	E 1 4 5 G L	
Country		
7	Final progress report	
	<input checked="" type="checkbox"/> I have attached a copy of the final progress report	
8	Sign and date	
Administrator's signature	<div>Signature</div> <div>X  X</div>	
Signature date	<div>^d 2 ^d 2 ^m 0 ^m 9 ^y 2 ^y 0 ^y 2 ^y 1</div>	

**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 **Rachel Narraway**

Company name **Interpath Advisory**

Address **15 Canada Square**

Canary Wharf

Post town **London**

County/Region

Postcode **E 1 4 5 G L**

Country

DX

Telephone **Tel +44 (0) 203 989 2851**

**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 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 or email 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

Joint
Administrators'
final progress
report for the
period 24
March 2021 to
21 September
2021

Sphere Medical Holding Limited - in
Administration

22 September 2021

Deemed delivered: 22 September 2021

Notice to creditors

Please note that KPMG LLP sold its Restructuring practice in the UK to Interpath Ltd ('Interpath Advisory') on 4 May 2021. This will not have an impact on your day to day dealings of the administration of the Company and your case contacts remain the same. For further details, please refer to the insolvency portal at www.ia-insolv.com/case+INTERPATH+SJ924C1742.html.

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received, and payments made since our previous progress report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.ia-insolv.com/case+INTERPATH+SJ924C1742.html. We hope this is helpful to you.

Please also note that an important legal notice about this report is attached (Appendix 7).

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1 Executive summary

This final progress report covers the period from 24 March 2021 to 21 September 2021.

Further to the recent receipt of the awaited repayment of VAT from HMRC we are now in a position to bring this administration to a close (Section 2 - Progress to date).

Silicon Valley Bank ('SVB'), the Secured creditor, has suffered a shortfall in respect of funding provided to the Company and the Group (Section 3 – Outcome for creditors).

The Company did not have any employees, accordingly we are not aware of any preferential creditors (Section 3 – Outcome for creditors).

There were insufficient funds to enable a distribution to unsecured creditors (Section 3 – Outcome for creditors).

We have filed a copy of this final progress report with the Registrar of Companies together with the requisite notice. The administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.

Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors. www.ia-insolv.com/case+INTERPATH+SJ924C1742.html. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Steve Absolom
Joint Administrator

2 Progress to date

This section provides a final update on the strategy for the administration and on the progress made. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Strategy

The Company's main assets comprised its investment in Sphere Medical Limited ('SML') and cash at bank.

The Company is a shareholder of SML, which was the main operating entity. SML was also placed into administration on 24 September 2019. No offers to acquire the business were received for the Group as a whole and there has been no return to the Company from its investment in SML.

We realised the cash balance which is recorded in our receipts and payments account (Appendix 2).

VAT Refund

As previously stated, the Company is the group representative member for VAT purposes. The awaited repayment of VAT has recently been received and apportioned across the Group accordingly.

With no further outstanding matters, we are now able to bring this administration to a conclusion.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

The only receipt during the period is the VAT repayment of £57,209 as mentioned above (this adjusts the VAT control account and is not shown separately on the receipts and payments account).

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

A payment of £45,722 has been made to SML in respect of its proportion of the VAT repayment (as above, this is reflected in the VAT control account rather than shown separately on the receipts and payments account).

2.4 Schedule of expenses

We have detailed the costs incurred during the period in the schedule of expenses attached (Appendix 3).

Other than our time costs, there have been no further expenses incurred in the period.

3 Outcome for creditors

3.1 Secured creditors

SVB is the sole Secured creditor with a debenture containing fixed and floating charges over the Company. SVB confirmed they were owed £510,195 at the time of our appointment.

The Company had insufficient funds to enable a distribution to SVB. Whilst distributions have been paid to SVB from SML, SVB has suffered a significant shortfall against its debt to the Group.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

There were insufficient funds to pay a dividend to the unsecured creditors.

4 Joint Administrators' remuneration and expenses

Time costs

From 24 March 2021 to 21 September 2021, we have incurred time costs of £13,841. These represent 29 hours at an average rate of £485 per hour.

Remuneration

During the period, and following receipt of the VAT reclaim from HMRC, we paid the balance of a fee note raised in March 2020 (£11,487).

We have additionally drawn and paid remuneration of a further £55.98 in the period. All relating to floating charge realisations.

Administrators' expenses

We have not incurred any expenses in the reporting period.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid by KPMG for the period from 24 March 2021 to 3 May 2021, and by Interpath for the period from 4 May 2021 to 21 September 2021. We have also attached our charging and expenses policy.

As previously advised, the delay in receipt of the VAT reclaim from HMRC meant that this administration was ongoing for longer than envisaged. We have therefore exceeded the revised fees estimate provided in our first progress report (dated 21 April 2020) as we have continued to comply with ongoing statutory and compliance matters. As we will not be seeking to recover these additional time costs we have not provided an updated fees estimate.

5 Conclusion of the administration

We have filed a copy of this final progress report with the Registrar of Companies together with the requisite notice.

The administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.

We will be discharged from liability in respect of any action of ours as Joint Administrators, upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1

Statutory information

Company information

Company name	Sphere Medical Holding Limited
Date of incorporation	14 March 2001
Company registration number	04179503
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, Business & Property Courts of England & Wales, 006296 of 2019
Appointor	Directors
Date of appointment	24 September 2019
Joint Administrators' details	Steve Absolom and Will Wright
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	23 September 2021
Values of the Net Property and Prescribed Part	The Prescribed Part is not applicable on this case as there are insufficient realisations. Estimated NET Property is £NIL. Estimated Prescribed Part is £NIL.

Appendix 2 Joint Administrators' receipts and payments account

Sphere Medical Holding Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 24/03/2021 To 21/09/2021 (£)	From 24/09/2019 To 21/09/2021 (£)
FIXED CHARGE CREDITORS			
(508,075.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
150.00	VAT refunds (pre-app'ent)	NIL	NIL
70,368.00	Cash at bank	NIL	70,368.42
		NIL	70,368.42
OTHER REALISATIONS			
	Bank interest, gross	NIL	186.06
		NIL	186.06
COST OF REALISATIONS			
	Joint Administrators' pre-admin fees	NIL	(14,203.75)
	Administrators' fees	(11,542.91)	(51,653.87)
	Administrators' expenses	NIL	(619.96)
	Legal fees	NIL	(4,003.90)
	Statutory advertising	NIL	(73.00)
		(11,542.91)	(70,554.48)
UNSECURED CREDITORS			
(903.00)	Trade & expense	NIL	NIL
(859,804.00)	Connected companies	NIL	NIL
		NIL	NIL
(1,298,264.00)		(11,542.91)	NIL
REPRESENTED BY			
	Floating ch. VAT rec'able		14,110.90
	Floating ch. VAT control		(14,110.90)
			NIL

Appendix 3 Schedule of expenses

Cost of realisations

Administrators' fees	0.00	13,840.25	13,840.25
TOTAL	0.00	13,840.25	13,840.25

Please note that the accrual for our remuneration is based on time costs incurred to date. For reporting purposes these have not been adjusted to reflect the quantum of our remuneration agreed with the Secured Creditor.

As previously reported, we have agreed with the Secured Creditor that the quantum of our fees for the Company and SML be £245,000.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Rachel Narraway at Interpath, c/o 15 Canada Square, Canary Wharf, London, E14 5GL.

Appendix 4 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house KPMG (until 3 May 2021) and Interpath Advisory (from 4 May 2021) tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Rachel Narraway on 0203 989 2851.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Partner/Managing Director	920
Director	810
Senior Manager/Associate Director	710
Manager	565
Senior Administrator/Assistant Manager	415
Administrator	315
Support	157

Policy for the recovery of expenses

We have recovered both Category 1 and Category 2 expenses from the estate.

For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Advisory include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any expenses during the period 24 March 2021 to 21 September 2021. We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 24 March 2021 to 21 September 2021

The key areas of work have been:

Statutory and compliance	posting information on a dedicated web page; preparing statutory receipts and payments accounts; dealing with all closure related formalities; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	regular case management and reviewing of progress, including regular team update meetings and calls; reviewing and authorising junior staff correspondence and other work; reviewing matters affecting the outcome of the administration; complying with internal filing and information recording practices, including

	documenting strategy decisions.
Reports to debenture holders	providing written and oral updates to representatives of SVB regarding the progress of the administration and case strategy.
Cashiering	preparing and processing vouchers for the payment of post-appointment invoices; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	Communication with HMRC regarding payment of the reclaim following the submission of VAT returns; dealing with post appointment tax compliance and clearance from HMRC.
Shareholders	responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; drawing remuneration in accordance with the basis which has been approved by the secured creditor.
Creditors and claims	responding to enquiries from creditors regarding the administration; drafting our final progress report.

Time costs

General (Cashiering)	3.70	1,475.50	398.78
Books and records	0.10	41.50	415.00
Fees and WIP	0.40	284.00	710.00
Budgets & Estimated outcome statements	2.10	989.50	471.19
Checklist & reviews	0.40	156.00	390.00
Closure and related formalities	3.70	1,927.00	398.78
Extension related formalities	1.30	409.50	315.00
Strategy documents	0.20	142.00	710.00
Post appointment VAT	3.95	2,082.75	527.28
General correspondence	0.20	83.00	415.00
Statutory reports	12.50	6,249.50	499.96
Total in period	28.55	13,840.25	484.77
Brought forward time (appointment date to SIP 9 period start date)	187.65	87,347.65	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	28.55	13,840.25	

SIP 9 –Time costs analysis (24/03/2021 to 21/09/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Carry forward time (appointment date to SIP 9 period end date)	216.20	101,187.90	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Summary of Joint Administrators' proposals

As no offers were received for the shares of the Group, rescuing the Company as a going concern, in accordance with Paragraph 3(1)(a) was not achievable.

Therefore, our primary objective was to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, our proposals in its entirety constitutes our proposals.

We proposed the following:

General matters

- To continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- To investigate and, if appropriate, to pursue any claims the Company may have;
- To seek an extension to the administration period if we consider it necessary.

Distributions

- To make distributions to the secured creditor where funds allow;
- To make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end;

- Apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- Place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Steve Absolom and Will Wright, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination received before these proposals are approved;
- Petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Steve Absolom and Will Wright, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- File notice to move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding

matters that require to be dealt with in liquidation. The Company will be dissolved three months after registering of the notice with the Registrar of Companies.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- Our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5 of our proposals;
- Disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5 of our proposals;
- Unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon filing of our final receipts and payments account with the Registrar of Companies.

Appendix 6 Glossary

Company	Sphere Medical Holding Limited - in Administration
Group	The Company together with; Sphere Medical Limited (in administration) ('SML')
Joint Administrators/we/our/us	Steve Absolom and Will Wright
Interpath/Interpath Advisory	Interpath Ltd
KPMG	KPMG LLP
Secured creditor/ SVB	Silicon Valley Bank

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by Steve Absolom and Will Wright the Joint Administrators of Sphere Medical Holding Limited – in Administration (the ‘Company’) solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Stephen John Absolom and William James Wright are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

www.interpathadvisory.com

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