

# AM10 (Scot)

## Notice of administrator's progress report



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number	S	C	3	3	6	2	2	2
Company name in full	4D Pharma Research Limited							

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s)	James Richard
Surname	Clark

### 3 Administrator's address

Building name/number	c/o Interpath Ltd
Street	4th Floor, Tailors Corner, Thirsk Row
Post town	Leeds
County/Region	
Postcode	L S 1 4 D P
Country	

### 4 Administrator's name ①

Full forename(s)	Blair Carnegie
Surname	Nimmo

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number	5th Floor, 130 St Vincent Street
Street	Glasgow
Post town	G2 5HF
County/Region	
Postcode	
Country	

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10 (Scot)

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 7	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
To date	<sup>d</sup> 1	<sup>d</sup> 6	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

J. All

X

Signature date	<sup>d</sup> 2	<sup>d</sup> 7	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
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# AM10 (Scot)

## Notice of administrator's progress report



### 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 Francine Pearlman

Company name Interpath Ltd

Address 5th Floor, 130 St Vincent Street  
Glasgow

Post town G2 5HF

County/Region

Postcode

Country

DX

Telephone Tel +44 (0) 113 521 7510



### 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,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh.



### 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)

Joint  
Administrators'  
progress report  
for the period  
17 March 2023 to  
16 September  
2023

4D Pharma Research Limited - in  
Administration

27 October 2023

# Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 4).

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+4N20793525.html](http://www.ia-insolv.com/case+INTERPATH+4N20793525.html). We hope this is helpful to you.

**Please also note that an important legal notice about this progress report is attached (Appendix 5).**

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# 1 Executive summary

The Directors resolved on 17 March 2023 to appoint us as Joint Administrators. The notice of appointment was lodged at Court of Session on 17 March 2023 and we were duly appointed.

This progress report covers the period from the date of our appointment to 16 September 2023.

We circulated our statement of proposals ('proposals') to all known creditors on 27 April 2023. They were deemed approved without modification on 12 May 2023.

The business was traded for a short period after entering administration in order to retain the value in the business while a sale was agreed. On 24 March 2023, CJ Bioscience Inc. ('CJ') signed an SPA and on 4 May 2023 a sale was completed to CJ for the intellectual property of the Company, 4D Pharma Plc – in Administration ('4D Plc') and 4D Pharma Cork Ltd – in Administration ('4D Cork'), at which point trading ceased and the employees were made redundant.

Following the realisation of the intellectual property, the remaining assets, being the plant and machinery, were sold. The bio-chemical waste held at the Aberdeen site has been disposed of in a safe manner and we are currently progressing the safe closure of the clinical trials in line with regulatory guidelines.

Once closure of clinical trials has completed, we will make the necessary distributions to the secured and preferential creditors and any prescribed part to the unsecured creditors and the Company will be transferred to a liquidation process. (Section 2 - Progress to date).

The amount owing to the Secured creditor is now \$10.3 million, following distributions of \$5.3 million (through the 4D Plc administration). We anticipate that they will not recover their indebtedness in full. (Section 3 - Dividend prospects).

Based on current estimates, there may be a dividend to ordinary preferential creditors, however the value and timing of such a dividend is currently uncertain. (Section 3 - Dividend prospects).

Based on current estimates, there may be a dividend to secondary preferential creditors, however the value and timing of such a dividend is currently uncertain. (Section 3 - Dividend prospects).

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors above the Prescribed Part. (Section 3 - Dividend prospects).

Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at [www.ia-insolv.com/case+INTERPATH+4N20793525.html](http://www.ia-insolv.com/case+INTERPATH+4N20793525.html). Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

A handwritten signature in black ink, appearing to read 'J. Clark'.

James Clark  
Joint Administrator



## 2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

### 2.1 Strategy and progress to date

#### Strategy

As the Company was engaged in the development of medicinal drugs and had no clinically authorised products, it had negligible revenue and was reliant on funding from its Parent. When the Parent went into administration on 24 June 2022, the Administrators of the Parent explored several options, which included a sale of the business/certain assets of the business, refinancing and a debt-to-equity swap to bring the Parent company out of administration. The Company was kept out of an insolvency process for a period of time in order to preserve value by trying to deliver a solvent share sale alongside considering the safety and wellbeing of patients enrolled in clinical trials.

After pursuing several strategies which are outlined in the appended SIP16 document, it became apparent that a sale of the assets of the business would result in the next best outcome for the creditors as a whole. Therefore, as outlined in our proposals the Administrators pursued a sale of the assets of the business, details of which are provided below.

Following the completion of the sale, the Joint Administrators are working towards winding down operations. This has included ensuring a smooth transfer of assets to the Purchaser, realising the residual assets, overseeing the closure of the clinical trials, and exiting the premises. Once these actions have concluded, the Joint Administrators will make the necessary distributions to the secured and preferential creditors and any prescribed part to the unsecured creditors and the Company will be transferred to a liquidation process.

#### Sale of business

On 24 March 2023 CJ, an unconnected interested party, signed a sale and purchase agreement ('SPA') and exchanged with a non-refundable deposit of US \$900,000 to purchase the Intellectual Property of the Company, 4D Plc and 4D Cork. Subsequently, the sale completed on 4 May 2023 once the pre-completion conditions set out in the SPA were satisfied and payment of the consideration of US \$5,187,069 was made to 4D Plc USD account.

The consideration was allocated as follows:

Company	Initial deposit (US \$)	Balance (US \$)	Asset(s) acquired
4d Pharma Plc – in	77,400	446,088	Intellectual property, including patents, know-how and clinical trial

Administration			data
4D Pharma Research Ltd – in Administration	696,726	4,015,518	Intellectual property, including patents, know-how and clinical trial data
4D Pharma Cork Ltd – in Administration	125,874	725,463	Intellectual property, including patents, know-how and clinical trial data

As part of the offer, whatever rights, title and interest the Company had in the intellectual property for certain specific clinical trials, testing and research were included as part of the SPA. Please see the SIP16 memorandum which was sent to creditors upon completion of the sale (and appended to this report) for further details.

#### Trading

As noted in our Proposals, we continued to trade the business between exchange and completion in order to retain the value in the assets and ensure critical payments could continue to be made. Trading ceased on 4 May 2023 upon completion of the sale.

Our current and future strategy is focussed on:

- ensuring the smooth transition of the intellectual property to the Purchaser whilst ensuring compliance with GDPR;
- overseeing and managing the close-down of the clinical trials in line with medical best-practice and regulatory requirements; and
- an orderly winddown of the business.

#### Employees

There were 27 employees at the Company, all of whom were made redundant following the sale on 4 May 2023, after a consultation period.

## 2.2 Asset realisations

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

Summaries of the most significant realisations during the period are provided below.

#### Intellectual property

As noted above, the Intellectual Property was sold on 4 May 2023 following a lengthy sales process. The consideration of US \$5,187,069 (plus the US \$900,000 deposit) reflected in the table above is the aggregate balance received for the assets of all three companies (4D Plc, 4D Research and 4D Cork). This will be apportioned and applied to each group company as set out in the table in section 2.1. This is not yet reflected in the R&P as the

funds were received into the 4D Plc administration account and will be subject to the allocation noted above, following a reconciliation exercise (given 4D Research has been reliant on funding through 4D Plc).

#### Plant and machinery

We have received £82,930 in respect of the sale of equipment and machinery.

#### Cash at bank

£312,050 relates to the balance in the pre-appointment bank account which has now been transferred into the post-appointment bank account. A sum of £275,000 has been received from 4D Pharma Plc – in Administration as there was insufficient funds in the account to make necessary payroll-related payments. The sales consideration was received into the 4D Pharma Plc administration account and the transfer of £275,000 will be offset against the consideration allocated to 4D Research when the final post appointment intercompany balances are reconciled and settled.

#### Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

## 2.3 Costs

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

Summaries of the most significant payments made during the period are provided below.

#### Wind Down Consultancy Fees

Payment of £20,005 has been made to consultants for the assistance of closing down the Aberdeen site. This included disposing of bio-hazardous waste in line with health and safety obligations, and ongoing assistance for the closure of the clinical trials in line with regulatory requirements.

#### Critical Suppliers

Payments totalling £21,751 have been made in relation to critical payments to preserve value in the assets of the Company whilst completion of the sale was being finalised. This included:

- Clinical trial support costs in relation to medical oversight and safety of the subject studies in line with regulatory requirements;
- Costs incurred in relation to the subsequent termination of clinical studies in line with regulatory requirements, with more costs expected to be incurred over the next few months as the close-out activities continue;

- Continuation and extension of patents held by the Company with a view to maintaining value within the Administration whilst a sale was agreed; and
- Other general trading costs including insurance, maintenance of IT systems and cloud support.

#### Agents' fees

£10,429 has been paid to GMG Asset Valuations for its support in realising the plant and machinery at the Aberdeen site.

#### Pre-administration Legal fees

£35,175 was paid to Shepherd and Wedderburn in respect of pre-administration costs relating to preparation of appointment documents, review and commentary on the SPA & provision of advice in relation to employment and immigration matters.

#### Post-administration Legal fees

An additional payment of £13,076 has been made to Shepherd & Wedderburn in relation to post-administration costs.

£8,100 has been paid to Thorntons Law for providing employment related advice to the employees during the employee consultation period.

#### Rent

£22,846 has been paid to University of Aberdeen for rent.

#### Insurance of assets

£4,218 has been paid to Marsh for the insurance of assets.

#### Wages and salaries

£75,000 was paid to Russell & Russell, a payroll provider, who made payment to employees on behalf of the company. This is not the entire payroll cost for the period – see below.

During the Period, wages and salaries costs of £474,670 have been paid in relation to 4D Research employees. The payment was made through 4D Plc's administration account as there was insufficient funds in the 4D Research account at the time it went into administration. We are currently in the process of doing a reconciliation to apportion costs and funds across the Group companies. The £474,670 balance above will be offset by 4D Research's portion of the consideration received from the sale of the intellectual property.

## **3 Dividend prospects**

### **3.1 Secured creditors**

As detailed in our Proposals, on 7 October 2022 Armistice acquired the debt and associated fixed and floating charge debenture from Oxford Finance, thereby becoming the Secured creditor. As at the date of this transaction, the total debt owing to Armistice was \$15.6 million, including interest and charges.

Distributions of US \$5,250,070 have been made to Armistice from 4D Plc during the period. Further distributions are expected, although we do not anticipate that Armistice will recover their indebtedness in full.

### **3.2 Ordinary preferential creditors (employees)**

We estimate the amount of ordinary preferential claims to be £3,502.

Based on current estimates, there may be a dividend to ordinary preferential creditors; however, the value and timing of such a dividend is currently uncertain.

### **3.3 Secondary preferential creditors (HMRC)**

We estimate the amount of secondary preferential claims to be £79,000. This is in relation to February 2023 PAYE.

The Company is in a net VAT repayment position.

Based on current estimates, there may be a dividend to secondary preferential creditors; however, the value and timing of such a dividend is currently uncertain.

### **3.4 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors should receive a small dividend under the Prescribed Part, the quantum and timing of which is unknown. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and the payment of associated costs.

## 4 Joint Administrators' remuneration, expenses and pre-administration costs

### 4.1 Joint Administrators' remuneration and expenses

The Joint Administrators have not yet sought approval in respect of the time costs and disbursements incurred to date. A request for approval will be sought following the next accounting period, ending on 16 March 2024.

Should the circumstances of the administration change, we reserve the right to revert to the relevant bodies of creditors in order to seek approval for the amount of our remuneration and expenses.

#### Time costs

From the date of our appointment to 16 September 2023, we have incurred time costs of £632,913. These represent 1,034 hours at an average rate of £612 per hour.

A detailed analysis of the time spent is provided at Appendix 3.

#### Administrators' Remuneration

During the period, we have not drawn any remuneration.

#### Administrators' expenses

During the period, we have incurred expenses of £2,189. None of these have been paid.

#### Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from our appointment to 16 September 2023. We have also attached our charging and expenses policy.

### 4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Interpath fees	71,790	71,790	0.00	71,790
Legal costs and outlays	35,175	35,175	35,175	0.00
<b>Total</b>	<b>106,965</b>	<b>106,965</b>	<b>35,175</b>	<b>71,790</b>

On 18 May 2023, we obtained approval from the Secured and preferential creditors to pay pre-administration costs as an expense of the administration. We will draw the £71,790 for our pre-appointment fees in due course.

# 5 Future strategy

## 5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- 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 objectives set out in our Proposals.
- To investigate and, if appropriate, to pursue any claims the Company may have;
- To make distributions to the secured and preferential creditors where funds allow;
- To make distributions to the unsecured creditors if funds become available, and to apply to the Court for the authority to do so, where applicable;
- To seek an extension to the administration period if we consider it necessary;
- When the above matters have been completed, we will take necessary steps to bring the administration to a close.

## 5.2 Discharge from liability

The Secured and preferential creditors have granted approval that we be discharged from liability in respect of any actions as Joint Administrators, upon the filing of their final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

## 5.3 Future reporting

We will provide a further progress report within six weeks of 16 March 2024 or earlier if the administration has been completed prior to that time.



## Appendix 1      Statutory information

Company name	4D Pharma Research Limited
Date of incorporation	15 January 2008
Company registration number	SC336222
Present registered office	Interpath Ltd, 5th Floor, 130 St Vincent Street, Glasgow, G2 5HF
Administration appointment	The administration appointment granted in Court of Session, P234 of 23
Appointor	Directors
Date of appointment	17 March 2023
Joint Administrators' details	James Clark and Blair Nimmo
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £2,924,000. The Prescribed Part is capped at the statutory maximum of £800,000.
Prescribed Part distribution	<p>The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3).</p> <p>The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply.</p> <p>Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors if funds are available.</p>
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	16 March 2024
Application of EU Regulations	EU Regulations apply and these proceedings will be the COMI proceedings as defined in Article 3 of the EU Regulation.

## Appendix 2

## Joint Administrators' receipts and payments account

### 4D Pharma Research Limited - in Administration

#### Trading accounts

Statement of Affairs (£)	From 17/03/2023 To 16/09/2023 (£)	From 17/03/2023 To 16/09/2023 (£)
TRADING EXPENSES		
Wind Down Consultancy Fees	(20,005.29)	(20,005.29)
Critical Suppliers	(21,751.39)	(21,751.39)
	(41,756.68)	(41,756.68)
<b>Trading surplus/(deficit)</b>	<b>(41,756.68)</b>	<b>(41,756.68)</b>

### 4D Pharma Research Limited - in Administration

#### Abstract of receipts & payments

Statement of affairs (£)	From 17/03/2023 To 16/09/2023 (£)	From 17/03/2023 To 16/09/2023 (£)
ASSET REALISATIONS		
Plant & machinery	82,930.00	82,930.00
5,000.00 Furniture & equipment	NIL	NIL
60,491.00 VAT refunds (pre-app'ent)	NIL	NIL
312,051.00 Cash at bank	587,050.72	587,050.72
	669,980.72	669,980.72
OTHER REALISATIONS		
Bank interest, gross	267.48	267.48
Trading surplus/(deficit)	(41,756.68)	(41,756.68)
	(41,489.20)	(41,489.20)
COST OF REALISATIONS		
Payroll bureau costs	(674.00)	(674.00)
Agents'/Valuers' fees	(10,429.00)	(10,429.00)
Pre-administration legal fees	(35,175.00)	(35,175.00)
Legal fees	(21,176.33)	(21,176.33)
Storage costs	(560.05)	(560.05)
Re-direction of mail	(570.00)	(570.00)
Statutory advertising	(91.00)	(91.00)
Rent	(22,846.15)	(22,846.15)
Other property expenses	(223.83)	(223.83)

# 4D Pharma Research Limited - in Administration

## Abstract of receipts & payments

Statement of affairs (£)		From 17/03/2023 To 16/09/2023 (£)	From 17/03/2023 To 16/09/2023 (£)
	Insurance of assets	(4,217.60)	(4,217.60)
	Wages & salaries	(75,000.00)	(75,000.00)
		(170,962.96)	(170,962.96)
	PREFERENTIAL CREDITORS		
(534,692.00)	PAYE income tax etc	NIL	NIL
(112,986.00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
	FLOATING CHARGE CREDITORS		
(16,681,478.00)	Floating charge	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(91,969,597.00)	Trade & expense	NIL	NIL
(172,524.00)	Employees	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,088.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(109,094,823.00)</b>		<b>457,528.56</b>	<b>457,528.56</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		18,180.71
	Floating charge current		123,807.22
	Floating ch. VAT payable		(16,558.00)
	PAYE/NIC		293,642.57
	Pension		38,456.06
			<b>457,528.56</b>

## Appendix 3 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 Interpath Advisory 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' Remuneration Scotland" 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/scotland/technical-guidance/fees/more/29160/page/1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees-scotland/?utm\\_source=Association%20of%20Business%20Recovery%20Professionals&utm\\_medium=email&utm\\_campaign=12943265\\_Technical%20Alert%20%28X%20January%202022%29%20-%20Scotland%20updated%20creditor%20guides&dm\\_i=133C,7PF35,60LAAZ,VENP5,1](https://www.r3.org.uk/technical-library/scotland/technical-guidance/fees/more/29160/page/1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees-scotland/?utm_source=Association%20of%20Business%20Recovery%20Professionals&utm_medium=email&utm_campaign=12943265_Technical%20Alert%20%28X%20January%202022%29%20-%20Scotland%20updated%20creditor%20guides&dm_i=133C,7PF35,60LAAZ,VENP5,1)

If you are unable to access this guide and would like a copy, please contact Francine Pearlman on 0118 214 5925.

### Hourly rates

Set out below are the relevant hourly charge-out rates 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.

Managing Director	1060
Director	980
Associate Director	870
Manager	700
Assistant Manager	510
Associate	375
Support	175

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

#### Policy for the recovery of expenses

Where funds permit the officeholders will seek to recover 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 Managing Director'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 incurred the following expenses from the date of our appointment to 16 September 2023.

Postage	NIL	1,619.46	NIL	NIL	<b>1,619.46</b>
Professional and legal fees	NIL	475.00	NIL	NIL	<b>475.00</b>
Sundry	NIL	95.00	NIL	NIL	<b>95.00</b>
<b>Total</b>	<b>NIL</b>	<b>2,189.46</b>	<b>NIL</b>	<b>NIL</b>	<b>2,189.46</b>

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.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration approved, or the expenses approved during the period covered by this progress report, you must do so by making an application to Court within eight weeks of the accounting period and no later than 11 November 2023.

Applications by any creditor must be made with concurrence of at least 25% in value of unsecured creditors (including the creditor making the challenge).

The full text of the relevant rules can be provided on request by writing to Francine Pearlman at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom.

Narrative of work carried out for the period 17 March 2023 to 16 September 2023

The key areas of work have been:

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, the Register of Inhibitions and Adjudications, creditors and other stakeholders, and advertising our appointment; information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to secured creditors	providing written and oral updates to representatives of Armistice regarding the progress of the administration and case strategy.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reviewing and processing employee expense requests; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.

Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
Shareholders	providing notification of our appointment; 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; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Trading	attending to supplier and customer queries and correspondence; raising, approving and monitoring purchase orders and setting up control systems for trading; negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ensuring ongoing provision of emergency and other essential services to site.
Asset realisations	collating information from the Company's records regarding the assets; liaising with agents regarding the sale of assets; dealing with issues associated with the sale of stock; reviewing the inter-company debtor position between the Company and other group companies.
Property matters	reviewing the Company's leasehold properties, including review of leases; communicating with landlords regarding rent, property occupation and other issues; performing land registry searches.
Sale of business	planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; seeking legal advice regarding sale of business, including regarding non-disclosure agreements; dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties; carrying out sale negotiations with interested parties.
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; holding employee briefing meetings to update employees on progress in the administration and our strategy; administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office.
Pensions	collating information and reviewing the Company's pension schemes; calculating employee pension contributions and review of pre-appointment unpaid contributions; ensuring compliance with our duties to issue statutory notices; communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.

Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;</li> <li>■ drafting our progress report.</li> </ul>
Committees	<ul style="list-style-type: none"> <li>■ dealing with the formation of the Creditor's Committee, arranging and chairing meetings of the Creditors' Committee and providing regular reports.</li> </ul>
Investigations/ Directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</li> <li>■ arranging for the redirection of the Company's mail;</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company;</li> <li>■ reviewing pre-appointment transactions;</li> <li>■ drafting the statutory report and submitting to the relevant authority.</li> </ul>

## Time costs

### Pre-Administration costs (06/02/2023 to 16/03/2023)

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support		
Pre-Administration Sale of business - preparation	20.00		51.45		71.45	45,445.50
Pre-Admin Appointment documents	2.50	0.50	5.90		8.90	5,974.00
Pre-administration checks	2.50	20.10	8.85		31.45	20,370.50
<b>Total</b>	<b>25.00</b>	<b>20.60</b>	<b>66.20</b>	<b>0.00</b>	<b>111.80</b>	<b>71,790.00</b>

### SIP 9 – Time costs analysis (17/03/2023 to 16/09/2023)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Bankrupt/Director/Member							
General correspondence	0.00				0.00	0.00	0.00
Cashiering							
Fund management				1.25	1.25	468.75	375.00
General (Cashiering)	3.40			18.25	21.65	10,269.25	474.33
Reconciliations (& IPS accounting reviews)				0.80	0.80	408.00	510.00
General							
Books and records				5.95	5.95	2,460.75	413.57
Fees and WIP		3.00		1.00	4.00	2,475.00	618.75
Statutory and compliance							



SIP 9 – Time costs analysis (17/03/2023 to 16/09/2023)						
	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	
Appointment and related formalities	1.00	12.30	26.15		<b>39.45</b>	22,513.75
Bonding & Cover Schedule			0.80		<b>0.80</b>	340.50
Budgets & Estimated outcome statements	2.00		10.25		<b>12.25</b>	7,246.25
Checklist & reviews		0.30	4.80		<b>5.10</b>	2,077.50
Closure and related formalities			0.75		<b>0.75</b>	281.25
Reports to debenture holders	4.00				<b>4.00</b>	4,240.00
Statutory advertising		0.10			<b>0.10</b>	70.00
Strategy documents	0.10	0.80	14.45		<b>15.35</b>	6,179.25
Tax						
Initial reviews - CT and VAT			1.80		<b>1.80</b>	918.00
Post appointment corporation tax		3.50	19.55		<b>23.05</b>	11,034.00
Post appointment VAT		1.60	7.85		<b>9.45</b>	4,887.25
<b>Creditors</b>						
Creditors and claims						
General correspondence	4.00	21.20	60.05		<b>85.25</b>	47,687.25
Notification of appointment		2.70			<b>2.70</b>	1,890.00
Secured creditors			0.70		<b>0.70</b>	289.50
Statutory reports		15.50	53.20		<b>68.70</b>	37,239.50
Employees						
Employee Correspondence		122.20	57.55		<b>179.75</b>	111,785.50
Pensions reviews		8.50			<b>8.50</b>	5,950.00
<b>Investigation</b>						
Directors						
Correspondence with directors			1.45		<b>1.45</b>	705.75
D form drafting and submission		0.10	37.15		<b>37.25</b>	18,004.00
Directors' questionnaire / checklist		0.30	2.50		<b>2.80</b>	1,485.00
Statement of affairs		2.50	3.65		<b>6.15</b>	3,375.25
Investigations						
Correspondence re			0.75		<b>0.75</b>	281.25

SIP 9 – Time costs analysis (17/03/2023 to 16/09/2023)						
	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	
investigations						
Mail redirection		0.20	2.15		2.35	1,202.75
Review of pre-appt transactions			3.50		3.50	1,312.50
<b>Realisation of assets</b>						
Asset Realisation						
Cash and investments		0.30	0.55		0.85	456.75
Freehold property			0.90		0.90	459.00
Health & safety			1.20		1.20	612.00
Insurance			11.00		11.00	5,542.50
Intellectual Property			39.10		39.10	19,198.50
Leasehold property		1.00	8.70		9.70	4,799.50
Office equipment, fixtures & fittings			2.00		2.00	750.00
Other assets	5.00		19.80		24.80	15,398.00
Plant and machinery			3.85		3.85	1,659.75
Pre-Administration Sale of business - preparation	2.00				2.00	2,120.00
Rent			0.75		0.75	281.25
Sale of business	53.50	162.50	20.00		236.00	178,702.50
Stock and WIP	6.00		0.50		6.50	6,615.00
<b>Trading code used when engagement didn't trade</b>						
Trading						
Cash & profit projections & strategy		46.00			46.00	32,200.00
Employee Matters / PAYE		40.70	3.50		44.20	29,802.50
Negotiations with landlords			1.15		1.15	485.25
Negotiations with suppliers / landlords			2.25		2.25	843.75
Post trading related matters			13.30		13.30	6,783.00
Purchases and trading costs			16.10		16.10	6,591.00
Sales		7.00			7.00	4,900.00
Trading Management			20.00		20.00	7,635.00
<b>Total in period</b>	<b>81.00</b>	<b>452.30</b>	<b>500.95</b>	<b>0.00</b>	<b>1,034.25</b>	<b>632,913.00</b>
Brought forward time (appointment date to SIP 9 period start date)					0.00	0.00

SIP 9 – Time costs analysis (17/03/2023 to 16/09/2023)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)					1,034.25	632,913.00	
Carry forward time (appointment date to SIP 9 period end date)					1,034.25	632,913.00	

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 4      Glossary

<b>4D Cork</b>	4D Pharma Cork Limited
<b>4D Group / the Group</b>	The Company together with:  4D Pharma Plc  4D Pharma Cork Limited  4D Pharma León, S.L.U.  4D Pharma Delaware, Inc.
<b>4D Plc / the Parent</b>	4D Pharma Plc Limited
<b>Bank / Armistice / Secured creditor</b>	Armistice Capital Master Fund Ltd
<b>Company / 4D Research</b>	4D Pharma Research Limited - in Administration
<b>CJ</b>	CJ Bioscience Inc.
<b>GMG Asset Valuations</b>	GMG Asset Valuations Limited
<b>Interpath/Interpath Advisory</b>	Interpath Ltd
<b>Joint Administrators/we/our/us</b>	James Clark and Blair Nimmo
<b>Oxford Finance</b>	Oxford Finance Luxembourg S.A.R.L.
<b>The Sellers</b>	The Company together with:  4D Pharma Plc  4D Pharma Cork Limited
<b>SPA</b>	Sale and Purchase Agreement

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 respectively.

## Appendix 5      Notice: About this report

This report has been prepared by James Clark and Blair Nimmo, the Joint Administrators of 4D Pharma Research Limited – in Administration (the ‘Company’), solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 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 (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 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.

James Richard Clark is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders may be 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](http://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.

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