

AM03 (Scot)

Notice of administrator's proposals



Companies House

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refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number **S C 3 8 9 9 5 8**

Company name in full **Physiomedics Limited**

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) **Claire Louise**

Surname **Middlebrook**

3 Administrator's address

Building name/number **One Lochrin Square**

Street **92 Fountainbridge**

Post town **Edinburgh**

County/Region

Postcode **E H 3 9 Q A**

Country

4 Administrator's name ①

Full forename(s) **Scott Graham**

Surname **Bastick**

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number **One Lochrin Square**

Street **92 Fountainbridge**

Post town **Edinburgh**

County/Region

Postcode **E H 3 9 Q A**

Country

② Other administrator

Use this section to tell us about
another administrator.

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6

Statement of proposals

☒ I attach a copy of the statement of proposals**7**

Qualifying report and administrator's statement

☐ I attach a copy of the qualifying report☐ I attach a statement of disposal

❶ As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

X**X**

Signature date

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AM03 (Scot)

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 **Katie McLachlan**

Company name **Middlebrooks Business Recovery and**

Advice

Address **One Lochrin Square**

92 Fountainbridge

Post town **Edinburgh**

County/Region

Postcode

E	H	3		9	Q	A
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Country

DX

Telephone **0131 297 7899**



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,
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 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

**Physiomedics Limited (In Administration)
("the Company")**

**DOCUMENT CONTAINING THE STATEMENT OF THE JOINT
ADMINISTRATORS' PROPOSALS AS REQUIRED BY RULE 3.35 (10)
OF THE INSOLVENCY (SCOTLAND) (COMPANY VOLUNTARY
ARRANGEMENTS AND ADMINISTRATION) RULES 2018**

Joint Administrators are seeking a decision from creditors on the approval of the Proposals. Appendix X to the attached Statement summarises those Proposals and the notices at Appendix XI explain how creditors may cast their vote.

Separately, the Joint Administrators are seeking certain creditors' approval of a number of proposed decisions including that the Joint Administrators' fees be fixed by reference to the time given by them and their staff in attending to matters arising in the Administration.

A statement of the pre-Administration costs is attached at Appendix III to the Proposals. Payment of any unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 and is not part of the Statement of Proposals subject to approval under Paragraph 53 of Schedule B1 of the Insolvency Act 1986.

The Company paid Middlebrooks Business Recovery and Advice Limited a pre-Administration fee of £2,000 + VAT. This fee was paid in full prior to the appointment of the Joint Administrators. The Joint Administrators will not be seeking approval for the balance of unpaid pre-Administration costs.

The affairs, business and property of Physiomedics Limited (in Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability.

Court of Session Reference No. P384/23

Physiomedics Limited (In Administration)
THE JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

Claire Middlebrook and Scott G Bastick
Joint Administrators

Middlebrooks Business Recovery & Advice

**One Lochrin Square, 92 Fountainbridge, Edinburgh, EH3 9QA,
United Kingdom**

0131 297 7899

enquiries@middlebrooksadvice.com

Disclaimer Notice

- This Statement of Proposals has been prepared by Claire Middlebrook and Scott G Bastick, the Joint Administrators of Physiomedics Limited, solely to comply with their statutory duty under Paragraph 49 of Schedule B1 of the Insolvency Act 1986 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.
- Any estimated outcomes for creditors included in this Statement of Proposals 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 document for any purpose or in any context other than under Paragraph 49 of Schedule B1 of the Insolvency Act 1986 does so at their 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 Statement of Proposals.
- The Joint Administrators act as agents for Physiomedics Limited and contract without personal liability. The appointment of the Joint Administrators is personal to them and, to the fullest extent permitted by law, Middlebrooks Business Recovery & Advice does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.

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1. Executive Summary

1.1 This Statement of Proposals is being delivered to creditors on 28 June 2023.

1.2 The principal activity of the Company was that of human health activities and its registered office was 16 Ravelston House Park, Edinburgh, EH4 3LU, business was undertaken remotely with no trading premises being in operation. On 9 May 2023, Claire Middlebrook and Scott G Bastick of Middlebrooks Business Recovery & Advice were appointed Joint Administrators of the Company by the directors of the Company.

1.3 The Joint Administrators are currently pursuing the second statutory objective of 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).

1.4 A summary of the current and anticipated future positions are detailed below.

Assets

Asset	Realisations to date	Anticipated future realisations	Total anticipated realisations
Cash at bank	69,294.14	0.00	69,294.14
Intellectual property - software	0.00	Undisclosed	Undisclosed
Plant & Machinery	0.00	1,000.00	1,000.00
Trade debtors	0.00	2,872	2,872

As we are at a critical stage of the sales process with regards to the intellectual property it would not be commercially beneficial to advise of the expected realisations at this time. We will provide an update on realisations within our next report.

Expenses

Expense	Expense incurred to date	Anticipated further expense	Total anticipated expense
Joint Administrators' fees	0.00	35,000	35,000
Solicitors' fees	0.00	5,000	5,000
Agents' fees	0.00	7,000	7,000
All other expenses	377.70	330.00	707.70

Dividend prospects

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend
Secured creditor (fixed charge)	Not applicable	Not applicable
Secured creditor (floating charge)	Not applicable	Not applicable
Preferential creditors	0.00	100 p in £
Secondary Preferential creditors	0.00	100 p in £
Unsecured creditors	0.00	17.2 p in £

Dividend prospects are given as an early indication and are subject to change.

1.5 The main work remaining to be done to conclude the Administration is the finalisation of the sale of the intellectual property and software assets. The Administration is expected to be concluded within 12 months by exiting to dissolution.

1.6 Definitions of the terms used in this Proposal are provided in Appendix I.

2. Background to the Company

2.1 The business was established on 6 December 2010 and the principal activity of the Company was human health activities. It's registered office was at 16 Ravelston House Park Edinburgh EH4 3LU however business was undertaken remotely with no formal trading address in use. The Company was incorporated to develop and create software and services to improve the management of back, neck, joint and limb musculoskeletal conditions.

2.2 The Company received substantial investment from private investors and through the Archangels Edinburgh, angel investment syndicate. This investment was utilised to create a revolutionary piece of healthcare software. The Company successfully secured contracts with multinational clients and were slowly growing their monthly recurring income. Typical clientele were private healthcare providers. The pressure faced by the Company was growing the monthly recurring income at a rate that would support the ongoing running costs of the business past the investment which allowed for the creation of the product.

2.3 The development of the product took longer than expected and the delays meant that the Company never turned a profit. It was supported by investors until late 2022 when there was an initial conversation with the Middlebrooks Business Recovery & Advice. At that point there was the potential for a sale and the investors were prepared to support the Company trading.

2.4 Regrettably, despite winning some clients, the revenue streams were too late. Added to this, despite interest no sale terms offered were acceptable. At this time in early 2023, the investor group noted that they could no longer support.

2.5 Statutory information on the Company and extracts from the most recent accounts are provided at Appendix II. Please note that this information has not been verified by the Joint Administrators or by Middlebrooks Business Recovery & Advice.

3. Events leading to the Administration

3.1 Middlebrooks Business Recovery and Advice were first approached by the directors of the Company in October 2022. The directors advised of cash flow issues within the business. Significant sums had been invested in the development of their product and although work was being undertaken to secure further client contracts the level of recurring monthly income from current clients was not enough to sustain the business. They advised that attempts had been made to obtain further investment in the business but that it had been unsuccessful and that there were now looking for purchasers for the business. They had several credible interested parties with whom they were liaising. The directors then recommenced discussions with Middlebrooks Business Recovery and Advice in April 2023. They had been unsuccessful in finding a purchaser for the business and the cash position meant that continued trading was no longer an option. The decision was taken by the directors to move forward with the appointment of an Administrator.

3.2 In the period between October 2022 and April 2023 the directors had 3 discussions with Middlebrooks Business Recovery and Advice concerning trading and what the options might be. During these discussions it became apparent that the board members had differing approaches to the situation. Despite receiving offers of purchase, none were universally accepted by the board.

3.3 Following on from conversations, the Board agreed that trading could not continue as the income stream was not mature enough to support the monthly outgoings of the Company. To avoid attracting personal liability the Board agreed to the appointment of the Joint Administrators.

3.4 No Moratorium under Part A1 of the Act has been in force for the Company at any time within the period of 2 years ending with the day on which it entered Administration.

3.5 Attached at Appendix III is an account of the work undertaken prior to the Joint Administrators' appointment and the costs associated with that work.

3.6 Payment of any unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 of The

Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 and is not part of the Statement of Proposals subject to approval under Paragraph 53 of Schedule B1 of the Insolvency Act 1986. The Company paid Middlebrooks Business Recovery and Advice Limited a pre-Administration fee of £2,000 + VAT. This fee was paid in full prior to the appointment of the Joint Administrators. The Joint Administrators will not be seeking approval for the balance of unpaid pre-Administration costs.

3.7 On 09 May 2023, Claire Middlebrook and Scott G Bastick of Middlebrooks Business Recovery & Advice were appointed Joint Administrators of the Company following an Administration Order granted by the Court of Session on the application of the Directors.

3.8 These proceedings are COMI proceedings.

Ethical Considerations

3.9 Prior to the Joint Administrators' appointment, a review of ethical issues was undertaken, and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment to date.

4. The Objective of the Administration

4.1 Joint Administrators must perform their functions with the objective of:

- rescuing the company as a going concern;
- or if that is not possible, then achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration);
- or if that is not possible, realising property in order to make a distribution to one or more secured or preferential creditors.

4.2 The Joint Administrators would comment that due to a lack of working capital at the time of the appointment, the Joint Administrators did not consider it possible to restructure the existing business or propose a Company Voluntary Arrangement.

4.3 The second objective is normally achieved by means of a sale of the business and assets as a going concern or a more orderly sales process than in liquidation. The Joint Administrators would comment that the Administration has enabled a sale of the software and intellectual property assets to be progressed (this

sale is expected to conclude within the coming weeks) and provided an interim moratorium against creditor action. The Joint Administrators believe that this strategy has resulted in a better result for creditors as a whole than if the Company had been placed into liquidation.

4.4 A detailed account of how the Joint Administrators have sought to achieve the objective of the Administration is set out below.

5. Events since the Joint Administrators' Appointment

5.1 Immediately upon appointment, the Joint Administrators undertook a review of the Company's affairs with particular regard to its financial and resource requirements. This assessment was carried out in liaison with the remaining management of the Company.

The sale of the Company's business and assets

5.2 Prior to the appointment of the Joint Administrators the Directors were exploring the possibility of selling the business. There were several parties who had expressed interest however no formal offers had been made at the time of the administration appointment. The Joint Administrators approached all known interested parties and engaged with several other potentially interested parties over a span of a few weeks following the appointment.

The indicative figures being proposed for assets were of such a level that the engagement of specialist intellectual property valuation and marketing agents was ruled out as being commercially excessive.

Multiple offers were received by the Joint Administrators' and an offer has since been accepted. The Joint Administrators' are currently working with the purchaser and our legal agents to complete the sale.

As we are at a critical stage of the sales process it would not be commercially beneficial to advise of the expected realisations at this time. We will provide an update on realisations within our next report.

Other steps taken as regards assets

5.3 At the time of the Joint Administrators' appointment, the value of the Company's trade debtors was £2,872. Supporting paperwork has been received in respect of these debts and steps will be taken to recover the sums due.

5.4 Prior to the appointment of the Joint Administrators the sums held in the Company bank account were transferred to our general

client account pending the appointment. The sums have now transferred to a specific case bank account.

- 5.5** There are various small items of equipment such as laptop computers and mobile phone's which were used by employees and belong to the Company. Agents have been instructed to recover these assets and dispose of them via auction. After the costs of collection and the wiping of any data on the electronic goods it is expected that the return will be minimal.

Steps taken as regards creditors

- 5.6** Immediately following the appointment of the Joint Administrators, a member of the Joint Administrators' staff conducted a virtual meeting to advise employees of the Joint Administrators' appointment. Staff were briefed with regards to the Administration and informed that it was hopeful that a sale of the business and assets could be completed in early course. When it became apparent that there were no parties interested in purchasing the business as a whole the employees were made redundant with effect from 18 May 2023.

- 5.7** The Joint Administrators' staff have handled creditors' queries as they have arisen, which has included telephone calls and correspondence, they have also assisted the employees with their claims to the Redundancy Payments Office.

Instruction of specialists

- 5.8** When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrators are obligated to ensure that such advice or work is warranted, and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.

- 5.9** To advise on appropriate legal matters and to prepare required legal documentation, the Joint Administrators instructed Shepherd and Wedderburn LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations.

Shepherd and Wedderburn LLP are advising in respect of all legal issues concerning the sale of the assets and have been assisting the Joint Administrators with matters arising in the Administration.

- 5.10** In addition, ABW Asset Management, a firm of chattel agents, was instructed by the Joint Administrators to undertake

inventories and valuations of the Company's assets and to arrange for the repatriation of assets from employees. The agents will also ensure that data is erased from the electronic devices and will facilitate the sale of these assets, likely via auction.

5.11 The Joint Administrators' have also engaged the services of Patrick Aspinall Bailey on a consultancy basis. Mr Aspinall Bailey was the Chief Technology Officer of the Company and has been instrumental in assisting the Joint Administrators' with the proposed sale of the software assets and the practicalities surrounding this.

5.12 The professional fees of Shepherd and Wedderburn LLP and Mr Aspinall Bailey are based upon the parties' recorded time costs incurred at their standard charge out rates and will be reviewed by the Joint Administrators' staff before being approved for payment. The fees for ABW Asset Management will be charged as a mix of time cost with regards to collecting and valuing of the assets and a 10% percentage of realisation charge for their sale.

Investigation into the Company's affairs prior to the Administration

5.13 The Joint Administrators have commenced a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a report to be submitted to the Insolvency Service on the conduct of the Company's directors.

5.14 Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

6. The Statement of Affairs and the Outcomes for Creditors

6.1 To date, the directors have not submitted a signed Statement of Affairs, although they are currently in the process of drafting this. Information on the estimated financial position of the Company, together with a list of creditors, is attached at Appendix IV. These details have been extracted from the Company's records and therefore no warranty can be given to the accuracy of the details given.

Prospects for creditors

- 6.2** Attached at Appendix V is the Joint Administrators' receipts and payments account for the period from 9 May 2023 to 23 June 2023.

As we are at a critical stage of the sales process with regards to the intellectual property it would not be commercially beneficial to advise of the expected realisations at this time. As such the Joint Administrators have not included an estimated outcome statement within the proposals. The Joint Administrators will advise that based on current projections there will be sufficient realisations to enable payment in full to preferential and secondary preferential creditors and to enable a dividend payment to unsecured creditors.

- 6.3** The Act requires administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential and secondary preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.

- 6.4** In this case, the prescribed part provision does not apply, as there is no debt due to any secured creditor.

- 6.5** The Joint Administrators do not propose to make an application to court under Section 176A(5) of the Act to disapply the prescribed part provisions, because there will be no prescribed part.

- 6.6** In summary, it is anticipated that there will be sufficient funds to pay a distribution to preferential and secondary preferential creditors and there may be sufficient funds to pay a dividend to unsecured creditors.

7. The Joint Administrators' Fees

- 7.1** The Joint Administrators propose to fix their fees on the following basis:

- the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by Middlebrooks Business Recovery & Advice at the time the work is performed.

- 7.2** Attached at Appendix VII is a breakdown of the time costs incurred in the Administration to 23 June 2023 and the charge-out rates of the Joint Administrators and their staff are provided at Appendix VIII.

- 7.3** The Joint Administrators are seeking creditor approval to draw remuneration in respect of the time costs incurred from 9 May 2023 to 23 June 2023 in the sum of £27,790.16. During this period time costs amounting to £27,790.16 were charged to the case representing 70.40 hours work at an average charge out rate of £394.75.

7.4 Creditors may access a Guide to Administrators' Fees at <https://www.middlebrooksadvice.com/wp-content/uploads/2021/04/A-CREDITORS-GUIDE-TO-ADMINISTRATORS-REMUNERATION-SCOTLAND-.pdf> or a hard copy will be provided on request.

8. The Joint Administrators' Expenses

8.1 Attached at Appendix IX are details of the expenses that the Joint Administrators expect to incur in the Administration.

9. The Joint Administrators' Discharge

9.1 The Act requires that the timing of the Joint Administrators' discharge from liability will be decided by the preferential and unsecured creditors. The Joint Administrators propose that this discharge will take effect when their appointment ceases to have effect and a decision will be sought in respect of this.

10. Approval Process

Approval of the Statement of Proposals

10.1 Attached at Appendix X is a summary of the Joint Administrators' Statement of Proposals. For further information on how the Company's affairs will continue to be managed, if these Proposals are approved, please refer to Appendix VI, which sets out in detail what further work the Joint Administrators propose to undertake.

10.2 The Joint Administrators are seeking creditors' approval of the Statement of Proposals by means of the process set out in Rule 5.3(a) (Vote by Correspondence) of the Rules.

Other Decisions

10.3 The Joint Administrators are also inviting creditors to decide on the following matters:

- Whether to establish a creditors' committee
- The timing of the Joint Administrators' discharge from liability
- In the event that a creditors' committee is not established:
 - The basis on which the Joint Administrators' fees shall be fixed
 - The approval of the Joint Administrators remuneration to date

10.4 Attached at Appendix XI are the relevant notices and forms required to assist creditors in submitting a vote in these proceedings.

If any creditor has any queries in relation to the above, please do not hesitate to contact either of the Joint Administrators or Katie McLachlan, on 0131 297 7899 or by email to enquiries@middlebrooksadvice.com.

Dated this 28 June 2023

A handwritten signature in black ink, appearing to read 'CMiddlebrook', with a long horizontal flourish extending to the right.

Claire Middlebrook
Joint Administrator

Claire Middlebrook and Scott G Bastick were appointed Joint Administrators of Physiomedics Limited on 09 May 2023. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Appendix I: Definitions

The Act	The Insolvency Act 1986
The Rules	The Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018
The Statement of Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
The Joint Administrators	Claire Middlebrook and Scott G Bastick
The Company	Physiomedics Limited (in Administration)
The Court	The Court of Session
EBIT	Earnings before interest and tax
SPA	Sale & Purchase Agreement
RPO	The Redundancy Payments Office
HMRC	HM Revenue & Customs
ROT	Retention of Title
EOS	Estimated Outcome Statement
PP or Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Act
QFCH	Qualifying Floating Charge Holder
SIP	Statement of Insolvency Practice (Scotland)
TUPE	Transfer of Undertakings (Protection of Employment) Regulations

Appendix II: Statutory and Financial Information

Company name	Physiomedics Limited
Previous name(s)	Webphysio Limited
Trading name(s)	Physiomedics
Proceedings	In Administration
Court	Court of Session
Court reference	P384/23
Date of appointment	09 May 2023
Appointed by	The Directors
Joint Administrators	Claire Middlebrook and Scott G Bastick Middlebrooks Business Recovery & Advice One Lochrin Square, 92 Fountainbridge, Edinburgh, EH3 9QA, United Kingdom
Statement required by Paragraph 100(2) of Schedule B1 of the Act	The Joint Administrators are authorised to carry out all functions, duties and powers by either one or by both of them
Registered office	c/o Middlebrooks Business Recovery & Advice, One Lochrin Square, 92 Fountainbridge, Edinburgh, EH3 9QA, United Kingdom
Company number	SC389958
Incorporation date	6 December 2010
Company Secretary at date of appointment	N/A
Directors at date of appointment	Mr Charles Sweeney Ms Kirsten Lord Mr Ross Haworth Mr Richard Haslam Mr Garry Fingland
Directors' / Secretary's shareholdings	Mr Charles Sweeney – 1,000 shares Ms Kirsten Lord – 87,026 shares

Summary Balance Sheet

	Draft Management Accounts as at 30 April 2023 £	Statutory Accounts for year to 31/03/2022 £	Statutory Accounts for year to 31/03/2021 £
Fixed assets	1,425,392	1,082,294	677,887
Current assets	80,461	722,947	131,989
Prepayments and accrued income	0.00	2,503	3,359
	1,505,853	1,807,744	813,235
Liabilities			
Creditors: amounts falling due within one year	(166,430)	(49,819)	(43,545)
Creditors: amounts falling due after more than one year	(244,279)	(252,337)	(74,445)
Accruals and deferred income	0.00	(4,584)	(4,343)
Total Liabilities	(410,709)	(306,740)	(122,333)
Net Assets	1,095,144	1,501,004	690,902

Appendix III: Statement of Pre-Administration Costs

On 4 May 2023 the Company agreed with the proposed Joint Administrators that Middlebrooks Business Recovery & Advice be paid fees for work done prior to the Administration as a set fee of £2,000 plus VAT for the following tasks and matters that were considered to be necessary to placing Physiomedics Limited into Administration.

Setting the Joint Administrators' pre-Administration fees in the sum of £2,000 is considered to be a fair and reasonable reflection of the work undertaken, as the fixed fee covered the work set out below. In addition, if the Joint Administrators were to charge their fees on the basis of time costs incurred by them and their staff, this would result in a fee in excess of that proposed. The total pre-appointment time costs incurred were £5,958.

Prior to Administration, the proposed Joint Administrators gathered information on the Company to ensure that they were in a position to consent to act as Joint Administrators and to formulate an initial strategy for pursuing achievement of an Administration objective. This work was carried out prior to Administration so that there would be no delay in the Joint Administrators implementing the strategy immediately on appointment. In this way, the software product could be maintained on entry to Administration, which improved the likelihood of significantly enhanced realisations being achieved for the business and assets, thus furthering the second objective of achieving a better result for creditors as a whole than would be likely if the Company were wound up. This work was expected to have a financial benefit for creditors, as the strategy of pursuing the second Administration objective would improve the prospects of recovery.

In conducting the above work, the following costs were incurred:

	£
Middlebrooks Business Recovery & Advice	2,000

This sum was paid in full by the Company prior to the appointment of the Joint Administrators and as such no further approval is required.

Further below, for information only, is a breakdown of the time costs of the Joint Administrators and their staff incurred prior to Administration and at Appendix VIII are Middlebrooks Business Recovery & Advice's charge-out rates and bases of expenses.

**Pre Appointment Remuneration Schedule
Physiomedics Limited
Between 12 March 2023 and 08 May 2023**

Classification of work function	Partner/ Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	4.20	13.30	0.50	0.00	18.00	5,034.00	279.67
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	1.50	0.00	0.00	1.50	423.00	282.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.20	0.00	0.00	0.20	46.00	230.00
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total hours	4.20	15.00	0.50	0.00	19.70		
Time costs	1,890.00	3,528.00	85.00	0.00		5,503.00	
Average hourly rate	450.00	235.20	170.00	0.00			279.34

Description	Total Incurred £	Total Recovered £
	0.00	0.00
Totals	0.00	0.00

Summary of Fees

Time spent in administering the Assignment	Hours	19.70
Total value of time spent to 08 May 2023	£	5,503.00
Total Pre Appointment fees charged to 08 May 2023	£	2,000.00

Appendix IV: Estimated Financial Position

The directors were due to provide a Statement of Affairs of the Company by 22 May 2023. The directors are currently working to finalise the statement of affairs, and this will be filed with the Registrar of Companies once submitted.

As we are at a critical stage of the sale of assets process it would not be commercially beneficial to advise of the expected realisations at this time. We will provide an update on realisations within our next report.

A schedule of known creditors names and addresses is detailed below. Creditors should note that the Company may not have completed updating its ledgers to the date of appointment.

The information has been extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information.

Schedule of creditors

Creditor Name	Address	Preferential Debt	Secondary Preferential Debt	Unsecured Debt	Sum Due
Apricus Consultancy Limited		0.00	0.00	1,200	
Archangel Investors Limited		0.00	0.00	6,000	
BDB15 Limited		0.00	0.00	25,200	
Count (Scotland) Limited		0.00	0.00	2,334	
Digital Bubble Limited		0.00	0.00	528.00	
DropBox		0.00	0.00	10.00	
DSL Business Finance Limited		0.00	0.00	39,253	

Physiomedics Limited (In Administration)
The Joint Administrators' Statement of Proposals

DVV Media International Limited		0.00	0.00	1,800	
Griffin & Co Consultancy Limited		0.00	0.00	375.00	
Healthy Returns Consultancy Limited		0.00	0.00	34,035	
Mitra Innovations Limited		0.00	0.00	40,920	
PRODECO LLC		0.00	0.00	1,500	
Qualys Limited		0.00	0.00	1,192	

Physiomedics Limited (In Administration)
The Joint Administrators' Statement of Proposals

Ross Haworth Limited		0.00	0.00	16,560	
Security Circle Limited		0.00	0.00	1,800	
Stuart and Co		0.00	0.00	3,300	
Typeform		0.00	0.00	30.00	
Umi Debt Finance		0.00	0.00	115,624	
Wyvern Technology Limited		0.00	0.00	4,080	
HM Revenue & Customs (PAYE)		0.00	4,775	0.00	
Bradley Cox		1,420		2,522	
Charles Sweeney		2,943		69,646	

Physiomedics Limited (In Administration)
The Joint Administrators' Statement of Proposals

David Meggers		1,197		17,532	
Julie Dempster		1,298		4,342	
Kirsten Lord		4,258		75,257	
Polly Sword		1,310		10,454	
Reem Naylor		1,827		32,408	
Ross Haworth		800		4,523	
		15,054	4,775	512,425	532,254

Schedule of Secured Creditors

Secured Creditors

Secured creditor's name and address	Amount of claim (estimated)	Details of security	Date security was given	Value of security (per Statement of Affairs)
No known secured creditors				

Appendix V: Receipts and Payments Account

Physiomedics Limited - In Administration
Joint Administrators' Abstract of Receipts & Payments

From 09 May 2023 To 23 June 2023

S of A £		From 09/05/23 To 23/06/23	From 09/05/23 To 23/06/23
ASSET REALISATIONS			
12,601.60	Book Debts	NIL	NIL
	Cash at Bank	69,294.14	69,294.14
	Bank Interest Gross	48.22	48.22
12,601.60		69,342.36	69,342.36
COST OF REALISATIONS			
(30.00)	Specific Bond	(276.00)	(276.00)
	Statutory Advertising	(101.70)	(101.70)
(185.00)	Case Management Fee	(210.00)	(210.00)
(30.00)	DocuSoft	NIL	NIL
	Software Costs	(5,283.46)	(5,283.46)
(245.00)		(5,871.16)	(5,871.16)
SECONDARY PREFERENTIAL CREDITORS			
(4,775.35)	Trade Creditor	NIL	NIL
(4,775.35)		NIL	NIL
UNSECURED CREDITORS			
(295,884.51)	Trade Creditor	NIL	NIL
(295,884.51)		NIL	NIL
(283,342.91)		63,471.20	63,471.20
REPRESENTED BY			
	Vat Receivable		117.54
	RBS		63,684.86
	Bond & Storage (invoice done)		(331.20)
			63,471.20

Claire Middlebrook
Joint Administrator

Appendix VI: The Joint Administrators' Explanation of Work Undertaken

Please note that this information reflects the work undertaken and further work anticipated for the full period of the Administration and thus it includes the work already incurred, details of which are provided in Appendix VII.

Administration (including Statutory Reporting)

The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

Investigations

At present, the Joint Administrators' investigations are ongoing and it is not yet clear whether any matters will be identified with the potential to generate additional recoveries for the insolvent estate. Work to date includes contacting various parties to ingather information such as the directors, the pre-appointment banker and HM Revenue & Customs. We have also gathered a substantial number of electronic books and records from the Company. The Joint Administrators are required to submit a report to the Insolvency Service within 3 months of their appointment providing information on the directors conduct leading up to the appointment. If any matters requiring further investigation are identified and the Administrator considers that additional work is required in order to generate a net financial benefit for creditors, they may revert to the relevant creditors to seek approval for additional fees.

Realisation of assets

The receipts and payments account at Appendix V sets out the realisations achieved to date. In brief, the following work has been undertaken in the period:

- Liaising with various parties interested in purchasing the business/assets of the Company. Provision of information to assist in the making of offers.
- Conducting a comparison exercise on offers received.
- Liaising with solicitors and agents regarding the proposed sale of the software assets and the legal and practical implications.
- Ingathering documentary evidence to allow for collection of book debts.
- Liaising with agent regarding the collection and auction of electronic equipment.

The following work will be required to be undertaken going forward:

- Finalisation of the sale of the intellectual property/software assets.
- Recovery of book debts.
- Finalisation of the sale of the electronic equipment.

Creditors (claims and distributions)

Irrespective of whether sufficient realisations are achieved to pay a dividend to preferential or secondary preferential or unsecured creditors, time has been spent in dealing with creditors' queries, assisting the employees in pursuing their claims via the RPO, and issuing statutory reports to creditors.

On the assumption that a dividend will be payable further work will be required to review and properly adjudicate on creditor claims and make payment of the required dividends.

Appendix VII: Breakdown of the Joint Administrators' Time Costs

Pre & Post Appointment Remuneration Schedule
Physiomedics Limited
Between 09 May 2023 and 23 June 2023

Classification of work function	Partner/Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	4.20	2.90	6.50	0.00	13.60	3,616.88	265.95
Investigations	0.60	0.00	0.40	0.00	1.00	338.00	338.00
Realisation of Assets	46.60	0.00	0.50	0.00	47.10	21,055.00	447.03
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	4.50	1.20	2.50	0.00	8.20	2,695.28	328.69
Case Specific Matters	0.00	0.00	0.50	0.00	0.50	85.00	170.00
Total hours	55.90	4.10	10.40	0.00	70.40		
Time costs	25,155.00	995.00	1,640.16	0.00		27,790.16	
Average hourly rate	450.00	242.68	157.71	0.00			394.75

Description	Total Incurred £	Total Recovered £
Bordereau Premium	138.00	138.00
Totals	138.00	138.00

Summary of Fees

Time spent in administering the Assignment	Hours	70.40
Total value of time spent to 23 June 2023	£	27,790.16
Total Pre & Post Appointment fees charged to 23 June 2023	£	2,000.00

Appendix VIII: Charge-out Rates and Expenses Policy

Corporate Recovery Charge Out Rates

The below information is to assist creditors in making an informed decision on any resolution seeking approval of the office holder's remuneration.

Middlebrooks Business Recovery & Advice's charge out rates (exclusive of VAT)

Our current charge-out rates which may be amended from time to time are as follows:

Administration	£1,000.00 per hour
Joint Liquidation	£100
Joint Receivership	£100
Insolvency Fee	£10
Joint Liquidation & Receivership	£100
Receivership	£50
Joint Liquidation & Receivership	£100

Middlebrooks Business Recovery & Advice's expenses charges
(exclusive of VAT)
Our current expense charges which may be amended from time to
time are as follows:

DISBURSEMENT	CHARGE £
CASE MANAGEMENT	£185
DOCUMENT MANAGEMENT	£45
POSTAGE	PER CURRENT POSTAL CHARGES
TRAVEL	AS PER COST
CAR MILEAGE	45P PER MILE

It is the firm's policy to recharge all expenses properly incurred to the relevant insolvency case where there is identifiable specific expenditure. Any costs which may involve an element of shared or allocated costs or are for services provided by the firm are detailed in the firm's receipts and payments accounts as 'Category 2 Expenses'.

Please note that no charge is made relating to the recovery of the firm's overheads.

Appendix IX: The Joint Administrators' Expenses Estimate

Please note that this estimate reflects the expenses anticipated to be incurred for the full period of the Administration and thus it includes expenses already incurred, details of which are provided elsewhere in this document.

Category 1 Expenses	Basis	Estimate of total
Legal costs Shepherd & Wedderburn LLP: completing appointment paperwork, providing advice in respect of validity of appointment, creation of sale and purchase agreement for asset sale	Time-costs	£5,000
Agents and Valuers ABW Asset Management: providing a valuation and assisting with a sale of the company's tangible assets	Time-costs/10% of realisations	£2,000
Agents and Valuers Patrick Aspinall Bailey: Assistance with the practicalities of the software asset sale	Time-costs	£5,000
Advertising	Fixed charge	£101.70
Bond premium	Fixed charge	£276
Case management software and website document access	Fixed charge	£230
Postage		£100
Total		£12,707.7

Appendix X: Summary of the Joint Administrators' Proposals

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they sell the Company's assets at such time(s) and on such terms as they consider appropriate;
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
- The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time:
 - (i) In the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - (ii) However, in the unlikely event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Claire Middlebrook and Scott G Bastick will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must

make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 10; or

- (iii) alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such circumstances, Claire Middlebrook and Scott G Bastick may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator; or
- (iv) in the event that the Joint Administrators think that the purpose of the Administration has been sufficiently achieved and that control of the Company should be returned to the Company directors, they shall file the relevant form to bring the Administration to an end in accordance with Paragraph 80 of Schedule B1 of the Act / apply to the court to bring the Administration to an end in accordance with Paragraph 79(3) of Schedule B1 of the Act.

Appendix XI: Decision Process Documents

Notice of decisions by correspondence

PHYSIOMEDICS LIMITED - In Administration

Claire Middlebrook and Scott G Bastick appointed as Joint Administrators to the above company on 9 May 2023.

Joint Administrators proposals delivered to creditors on: 28 June 2023

DECISION DATE: 18 JULY 2023

(Company Number SC389958)

Notice seeking decision on the Joint Administrators' proposals by a Qualifying Decision Procedure Pursuant to Section 246ZE of the Insolvency Act 1986 and Rule 3.38 of the Insolvency (Scotland)(Company Voluntary Arrangements and Administration) Rules 2018

NOTICE IS GIVEN by the Joint Administrators to the creditors of Physiomedics Limited seeking their decision on the Joint Administrators' proposals as set out below.

The Decision is being sought by correspondence.

A voting form is attached detailing the matters which require your decision, which should be completed and returned to me on or before the decision date.

Please note that in order to be able to vote you must have submitted a statement of claim and documentary evidence of the debt on or before the decision date, and that statement of claim must have been admitted for the purposes of entitlement to vote.

Creditors who have opted out from receiving notices may nevertheless vote if the creditor provides a statement of claim, documentary evidence of the debt and voting form in accordance with the above provisions.

Creditors whose debts are treated as a small debt in accordance with Rule 3.118(1) of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 must still deliver a statement of claim and documentary evidence of the debt if they wish to vote. Rule 3.118(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the Company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 3.118(2) as a debt (being the total amount owed to a creditor) which does not exceed £1,000.

The decisions on the following matters will be deemed to have been made at 23.59 hours on the decision date unless the threshold for requisitioning a physical meeting is met or exceeded within the requisite time scale.

A creditor who disagrees with the manner in which they are treated in relation to the above decision procedure may appeal to the Court within 21 days of the decision date.

Request for physical meeting

Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision(s) above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

Joint Administrators' Proposals

1. The joint administrators' proposals as set out in the report dated 28 June 2023.
2. For creditors to consider whether to appoint a Creditors' Committee to assist the Joint Administrators.
3. In the event that a creditors committee is not established, the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators
4. In the event that a Creditors' Committee is not established, then the Joint Administrators shall be authorised to draw their remuneration based upon time costs.

Additional Decisions to be considered by Creditors, In the event that a Creditors' Committee is not established

5. That the administrators be authorised to draw their post-appointment remuneration incurred to date as set out in the proposals document in the sum of £27,790.16 + VAT.

Manger contact details:

Katie McLachlan
One Lochrin Square
92 Fountainbridge
Edinburgh
EH3 9QA
Tel: 0131 297 7899
Email: kmclachlan@middlebrookssadvice.com

Name, address and contact details of Joint Administrators

Primary Office Holder	Joint Office Holder:
Claire Middlebrook	Scott G Bastick
Middlebrooks Business Recovery & Advice One Lochrin Square 92 Fountainbridge Edinburgh EH3 9QA Tel: 0131 297 7899 Email: enquiries@middlebrookssadvice.com	Middlebrooks Business Recovery & Advice One Lochrin Square 92 Fountainbridge Edinburgh EH3 9QA Tel: 0131 297 7899 Email: enquiries@middlebrookssadvice.com
IP Number: 9650	IP Number: 13930

DATED THIS 28TH DAY OF JUNE 2023

Claire Middlebrook

Claire Middlebrook
Joint Administrator

NOTE: Please complete the enclosed claim form and return it together with a detailed statement of your account, and voting form, and any other relevant documentation to Katie McLachlan at the address above.

PHYSIOMEDICS LIMITED - In Administration

(Company Number SC389958)

**Voting on Decision – Qualifying Decision Procedure Joint
Administrators' Proposals**

Decision Date – 18 July 2023

If you wish your vote to be counted please ensure you return this form, duly completed together with a statement of claim and documentary evidence of the debt form (if one has not already been submitted) and a detailed statement of your claim on or before the decision date.

Voting instructions for decisions

1. The joint administrators' proposals as set out in the report dated 28 June 2023.
2. For creditors to consider whether to appoint a Creditors' Committee to assist the Joint Administrators.

For / Against

1. To appoint a Creditors' Committee to assist the Joint Administrators. **(Note if you vote in favour of this resolution please ensure you nominate a representative below.)**

For / Against

2. In the event that a creditors committee is not established, the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators

For / Against

3. In the event that a Creditors' Committee is not established, then the Joint Administrators shall be authorised to draw their remuneration based upon time costs.

For / Against

6. That the administrators be authorised to draw their post-appointment remuneration incurred to date as set out in the proposals document in the sum of £27,790.16 + VAT.

For /
Against

4. Name, address and contact details of nominated creditors (up to 5) for whom you wish to vote for appointment to the creditors committee of Physiomedics Limited.

Note: Each creditor must complete a consent to act form (see attached)

1.

2.

3.

4.

5.

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of
creditor: _____

Signature of
creditor: _____

Address of
creditor: _____

I can confirm that I am / I am not a connected party or associate of the Company as defined by Sections 249 and 435 of the Insolvency Act 1986.

(Complete the following if signing on behalf of creditor, e.g.
director/solicitor)

Capacity in which
signing
document: _____

Date: _____
