

AM03 (Scot)

Notice of administrator's proposals



Companies House

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1	Company details		→ Filling in this form Please complete in typescript or in bold black capitals.
Company number	S C 4 4 1 2 8 0		
Company name in full	Clear Surgical Ltd		
2	Administrator's name		
Full forename(s)	Kenneth Wilson		
Surname	Pattullo		
3	Administrator's address		
Building name/number	2 Bothwell Street		
Street			
Post town	Glasgow		
County/Region			
Postcode	G 2 6 L U		
Country			
4	Administrator's name ①		① Other administrator Use this section to tell us about another administrator.
Full forename(s)	Kenneth Robert		
Surname	Craig		
5	Administrator's address ②		② Other administrator Use this section to tell us about another administrator.
Building name/number	2 Bothwell Street		
Street			
Post town	Glasgow		
County/Region			
Postcode	G 2 6 L U		
Country			

AM03 (Scot) Notice of administrator's proposals

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

^d0^d3^m0^m4^y2^y0^y2^y3

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	Kenneth Wilson Pattullo
Company name	Begbies Traynor (Central) LLP
Address	2 Bothwell Street
Post town	Glasgow
County/Region	
Postcode	G 2 6 L U
Country	
DX	
Telephone	0141 222 2230



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

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Joint Administrators' Proposals relating to

**Clear Surgical Ltd
("the company") – In Administration**

Issued on: 2nd April 2023

Kenneth Wilson Pattullo and Kenneth Robert Craig of Begbies Traynor (Central) LLP are the Joint Administrators of the company and these are their statutory proposals relating to the company.

1. Statutory Information

Statutory information relating to the company is attached at **Appendix I**.

2. Circumstances Leading to the Appointment of the Joint Administrators

The company was set up to capitalise on Scottish medical inventions of practising medics over 10 years ago. It was supported in this by Scottish Health Innovations Limited ('SHIL') and Scottish Enterprise ('SE').

One part of the company was split off under the then managing director, and Clear Surgical was left with 2 devices broadly based on 'scissor' technology - the lights attaching to a scissor based retractor and the CRF being originally in the form of a scissor based clamp. It soon became clear that the lights would be better sold as independent of any particular retractor, using a sticky pad to enable them to be attached to any flat surface retractor. This was achieved by the company during 2019.

The company's turnover for the year ending 30th June 2019 was around £45,000. Despite, the company being loss making, it succeeded in 2019 to raise investment through an angel syndicate, Kelvin Capital Limited, supported by SE and SHIL, to develop trading.

During 2019, the company was tasked with re-engineering the CRF to strengthen the original design. However, the company was subsequently impacted in March 2020 by the Covid-19 pandemic. The agency arrangements for the lights fell away through the next 2 years leaving turnover close to zero. When Covid subsided, business started to revive in line with a new business model whereby agents acting as distributors would buy a certain level of stock per year rather than taking commission on any sales made.

In 2022, the company's manufacturer reported that the original design of the lights used components which were soon to be obsolete and that they were no longer going to manufacture under the appropriate regulatory regime for medical instruments. This meant that Clear Surgical Ltd had both to redesign the light and source a new manufacturer. Towards the end of 2022, by the time new arrangements had been made and the distribution system had started to come to fruition, the company was running out of cash.

The regulatory regime requires the company to maintain its CE mark. This ran out in December 2022, and until it is renewed, no sales may be made in the UK or the EU. The renewal process can, however, take a considerable length of time. As a result of the above issues coupled with the resignation of the CEO and other members of staff, it was no longer possible for the company to continue trading.

A summary of the company's recent trading performance is shown below.

Clear Surgical Ltd

Balance Sheet

Month ended 31st December 2022

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
	£	£	£	£	£	£	£
Fixed Assets							
IT Equipment	6,944	6,828	6,713	6,595	6,481	6,365	6,249
Website	625	417	209	0	0	0	0
	<u>7,569</u>	<u>7,245</u>	<u>6,922</u>	<u>6,595</u>	<u>6,481</u>	<u>6,365</u>	<u>6,249</u>
Current assets							
Trade Debtors	0	1,500	240	2,574	1,700	1,617	1,611
Other Debtors and Prepayments	2,429	2,799	2,168	2,244	2,594	1,945	1,298
Corporation tax R&D credit	0	0	0	0	0	0	0
VAT	5,979	6,132	6,408	6,964	7,822	5,844	2,782
Stock	39,620	39,620	39,441	38,276	38,276	38,276	30,116
Bank	130,800	112,222	95,646	74,770	51,310	35,264	40,017
	<u>178,828</u>	<u>162,273</u>	<u>143,903</u>	<u>124,828</u>	<u>101,702</u>	<u>82,946</u>	<u>75,824</u>
Current Liabilities							
Trade Creditors	4,137	4,072	3,997	5,316	4,672	4,243	4,242
Accruals & Other Creditors	1,825	1,812	2,134	2,060	3,849	6,207	8,550
Other Taxes & Social Security Costs	4,390	5,686	5,979	5,870	5,841	5,600	1,707
	<u>10,352</u>	<u>11,570</u>	<u>12,110</u>	<u>13,246</u>	<u>14,362</u>	<u>16,050</u>	<u>14,499</u>
Net current assets	<u>168,476</u>	<u>150,703</u>	<u>131,793</u>	<u>111,582</u>	<u>87,340</u>	<u>66,896</u>	<u>61,325</u>
Long term liabilities							
Convertible Loan Note	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Deferred Grants	43,090	44,340	44,340	44,340	44,340	44,340	44,340
	<u>283,090</u>	<u>284,340</u>	<u>284,340</u>	<u>284,340</u>	<u>284,340</u>	<u>284,340</u>	<u>284,340</u>
Total Assets	<u>-107,045</u>	<u>-126,392</u>	<u>-145,625</u>	<u>-166,162</u>	<u>-190,519</u>	<u>-211,079</u>	<u>-216,766</u>
Capital and reserves							
Share Capital & Premium	2,061,960	2,061,960	2,061,960	2,061,960	2,061,960	2,061,960	2,061,960
P&L B/Fwd	-1,946,850	-2,169,005	-2,169,005	-2,169,005	-2,169,005	-2,169,005	-2,169,005
P&L - YTD	-222,155	-19,347	-38,580	-59,117	-83,474	-104,034	-109,721
	<u>-107,045</u>	<u>-126,392</u>	<u>-145,625</u>	<u>-166,162</u>	<u>-190,519</u>	<u>-211,079</u>	<u>-216,766</u>

It should be noted that the management accounts to 31st December 2022 have not been verified for accuracy and therefore may not reflect the company's true trading position.

BTG Advisory were approached in November 2022 to review the company's management accounts to end October 2022 and projected cashflow and to provide general financial advice to the company. After having discussed potential options available to the company, the directors decided to continue trading the company in line with the short term cashflow forecast that had been prepared. However, the directors agreed, in late January 2023, with the loss of its CE trademark, that the company had no option but to appoint Administrators.

On 8th February 2023, Kenneth Robert Craig and I were appointed under Para 22 Sch B1 IA86 (Directors) as Joint Administrators of the company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone.

3. Objectives of the Administration of the Company and the Joint Administrators' Strategy

The purpose of an administration is to achieve one of the three hierarchical objectives set out in the insolvency legislation, which is to:

- rescue the company as a going concern; or
- achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
- realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the company and the nature of the company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, I am seeking to achieve objective (b) for the company, and will do this by continuing discussions with the company's director and overseas contacts who are interested in entering into an exclusive agreement with the company with regards to the distribution of its medical devices. The company is only able to supply medical devices in the UK and Europe once it has been able to resolve the current regulatory issues with its CE mark. It is not known how long this process may take and the Joint Administrators have engaged the services of a specialist in the industry to assist with this technical process.

It is hoped that once the company has obtained its CE mark, further progress can be made with UK manufacturers of the devices and overseas contacts to finalise the exclusivity contracts.

The insolvency legislation has set a 12-month maximum duration for administrations, unless the duration is extended by the court or the creditors. If I am unable to complete the administration of the company within 12 months then I will either apply to the court, or seek the consent of creditors, for approval to extend the duration of the administration.

4. Actions of the Joint Administrators following appointment

As mentioned above, it was not a viable option to continue to trade the company because of the loss of its CE mark which prevented the company from selling in the UK and in Europe. In addition to this, the employees and CEO had resigned in January 2023. As a result, the company ceased trading on 8th February 2023 and the Joint Administrators were appointed.

Since our appointment, we have been in discussions with the company's patent attorneys, Haseltine Lake & Kempner LLP ('HLK'), with regards to the intellectual property owned by the company and the corresponding dates for renewals. We have also been liaising with Hilco Streambank Management ('Hilco') to determine a value of the IP so that the renewal costs involved can be considered and paid, where appropriate. As mentioned below, discussions have been taking place between the Joint Administrators and directors of the company with a number of interested parties in both the UK and abroad with regards to the scissor technology patented by the company.

5. Financial Position of the Company

A summary of the company's estimated financial position as at 8th February 2023, which is known as a statement of affairs, is attached at **Appendix II**.

The information contained in this statement of affairs has been produced by the director and includes a list of names and addresses of all known creditors, and the amounts of their debts.

Comments on the Statement of Affairs/Joint Administrator's Estimate of the Financial Position of the Company

5.1. Cash at Bank

As at the date of appointment, the company had a credit balance in its Royal Bank of Scotland account of £17,637.78 which has now been remitted to the administration bank account. There are no further sums expected.

5.2. Intellectual Property

The company has a number of European and American patents and design rights which we have received a detailed audit of from the company's patent attorneys, HLK. This audit was subsequently passed to our IP agents, Hilco, to review and determine a valuation.

We are currently awaiting this information but it is likely any patents coming up for renewal during the course of the administration will be renewed, where our agent recommends this, to enhance the value that can be achieved from our discussions with the US Department of Defence and overseas importers to the European market. This is mentioned further in 5.3

below.

5.3. Foreign Contracts

The company became aware at the end of 2022 that it had lost its CE mark and the regulators, MHRA, had not been able to advise the company whether it would be possible to grant an extension. As a direct result, the company was not allowed to sell in the UK and could no longer trade.

However, the directors had held discussions with the owner of a small medical device company based in Germany who is looking to become a distributor in Germany and also in Europe as a whole. They have confirmed that they would be willing to assist the Joint Administrators in progressing the company's CE mark accreditation in Europe which would allow the company to use the equivalent mark in the UK until 2025. Further information in this regard will be provided to creditors in due course.

In addition to the above, discussions have also taken place with PinPoint, who are a medical device company based in the US selling medical devices into the US market. They have preferred status with regards to the distribution of military medical sales in the US as a result of their relationship with Red One, a military veteran owned procurement company. PinPoint would be looking to work exclusively with the company to ensure agreed annual sales of the op light.

A number of key issues regarding the manufacture of the op light, the costs involved and how these will be funded are currently being discussed.

The progression of each of the above contracts will require some form of 3rd party investment. We are currently working with the company's directors to prepare an estimated outcome statement and cashflow forecast to determine the manufacturing and shipping costs involved and what would be required from any potential investors.

5.4. Stock

The company holds a significant number of batteries, lights and a welding machine which is currently held in Manchester. It is possible that some of the lights can be re-sterilised to allow them to be used in manufacturing which would provide an initial batch available for the US market if the contract with PinPoint goes ahead. However, information regarding the source of the lights would be needed to ensure that the product meets regulatory standards.

5.5. Preferential creditors

The only known preferential creditors are former employees of the company for unpaid wages and holiday pay. Their claims are subject to a maximum limit set by the insolvency legislation.

5.6. Prescribed Part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- > 50% of the first £10,000 of the net property plus
- > 20% of the remaining net property up to a maximum prescribed part of £600,000

The company did not grant a floating charge and, therefore, the provisions of the prescribed part do not apply.

6. Joint Administrators' Receipts and Payments Account

I attach a summary of my receipts and payments relating to the company for the period from when it entered administration, 8th February 2023, to the date of these proposals, at **Appendix IV**.

<i>Professional Advisor</i>	<i>Nature of Work</i>	<i>Fee Arrangement</i>
Innoscot Health Ltd	Agents: reviewing regulatory issues & technical file	Fixed fee
Mackinnons Solicitors	Solicitors: notarising of Statement of Affairs	Fixed fee
RAF Solutions	Agents: US importer	Fixed fee

Innoscot Health Ltd is a shareholder of the company. Clear Surgical Ltd was a spinout from Scottish Health Innovations Limited (the former name of InnoScot Health) in 2007 and they have long standing knowledge of the regulatory position. We have engaged the services of InnoScot Health Ltd to assist with reviewing the application to extend the CE mark and reviewing and updating the company's technical file which will be needed for any future accreditations in the UK or Europe. Further assistance may be required with the progression of supply contracts.

We have also made payments to Portal Technologies Ltd of £114.62. They maintain the Outlook accounts for the company's email addresses and they remain essential to the continued progression of discussions with US and European importers and UK manufacturers.

A payment of £1,925 has also been made to HL Renewals LLP in respect of the renewal of a US patent. This patent was due to expire on 11th March 2023 and as it is critical to the potential exclusivity agreement with PinPoint, this was a required expense of the administration.

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them.

7. Proposed Future Actions of the Joint Administrators to Achieve the Objective of the Administration

In order to achieve the objective of the administration of the company we propose to undertake the following:

Foreign Contracts

We will continue to liaise with the directors of the company along with any suppliers to determine the manufacturing costs needed to enter into an exclusive agreement with PinPoint and to be able to meet their order demands. Any manufacturer who is used by the company may be required to undertake an audit in terms of the origin of each individual component used in its manufacturing processes.

Further discussions are needed with the medical device company in Germany and with our agents, InnoScot Health, in relation to the updating of the company's technical file ahead of potential accreditation in Europe. The Joint Administrators will work with the company's directors to determine the associated costs involved in the progression of supply contracts and the projected annual orders as well as seeking 3rd party funding where needed.

Stock

We will be carrying out an inventory of the stock that was removed from the trading premises of the company and, where possible, it will be passed on to the chosen manufacturers of the medical devices for use in future production. As mentioned above, some stock will need to be re-sterilised and re-calibrated prior to use.

Creditor Communications

The Joint Administrators will continue to respond to creditor queries in relation to progress and their claims.

Reports are to be issued to creditors within one month of each six month period from the date of the Company entering into administration, on 8th February 2023.

Once there are sufficient funds held to ensure it is economical to issue a distribution to creditors, steps will be taken to agree creditor claims.

Investigations

A review of the company's records will be concluded to determine whether any further actions are required to recover funds for the estate.

The Joint Administrators will ensure that their report on the conduct of the company's director is completed and submitted within the required timescales. As stated earlier in this document, the report is confidential and, therefore, details of the same cannot be disclosed.

Any investigations undertaken will remain confidential until they are finalised so as to not prejudice matters, the attached Statement of Affairs does not take into account any realisations from investigations as these are currently unknown.

8. Decision of Creditors

I am holding a deemed consent procedure of creditors to enable creditors to consider my formal proposals to achieve the objective of the administration of the company. Formal notice of the procedure is enclosed with these proposals which includes instruction on how to participate in the process.

I also a claim form for your completion and return to me, if you have not already done so. As a creditor, you can only participate in the decision process if you submit your claim to me in writing and your claim is admitted. I must receive your claim before the decision date. You are not required to participate in the decision procedure, and non-participation will not affect your rights against the company. Creditors whose claims are wholly secured are not entitled to vote, (but can attend or be represented at the meeting).

A physical meeting of creditors to consider the proposals may not be held unless requested by the requisite statutory threshold of creditors, being:

- ❖ 10% in value of the creditors
- ❖ 10% in number of the creditors
- ❖ 10 creditors

Creditors who meet one or more of the statutory thresholds listed below may request, in writing within 5 business days from the date of delivery of decision procedure notice, that a physical meeting to be held to consider any decisions / resolutions proposed, or other matters.

Creditors are also be given the opportunity to appoint a creditors' committee. A committee is made up of between three and five representatives of creditors who will then meet me on a regular basis to discuss the administration of the company. If a committee is appointed, then it

will be for them to approve my remuneration and outlays. If a committee is not appointed, then approval of the basis of my remuneration and outlays will be considered by the creditors in the decision procedure to approve the proposals, and thereafter accounts will be submitted for their further approval on a periodic basis.

9. Pre-Administration Costs

Before a company enters into any form of insolvency proceedings, professional costs are necessarily incurred in order to ensure that:

- > The most suitable form of proceedings is chosen, in the interests of creditors.
- > The mechanics of initiating the proceedings and appointing an insolvency practitioner is dealt with appropriately.

The basis on which these costs are to be paid varies according to the insolvency procedure adopted. In the case of a company entering into administration, the administrator must make a 'statement of pre-administration costs', the content of which is prescribed by the Insolvency Rules, and seek approval for their payment from the creditors of the company.

My statement of pre-administration costs is set out at **Appendix V** and approval for their payment will be sought at the decision procedure.

A separate resolution dealing with my pre-administration costs is sought at the decision procedure. I should point out that this resolution does not comprise part of my formal proposals for the conduct of the administration.

10. Joint Administrators' Remuneration and Expenses

I propose that our fees will be charged by reference to the time properly spent by us and our staff in dealing with the matters relating to the administration of the company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates is set out in **Appendix III**.

I also propose that we are permitted to charge what are known as category 2 expenses. Information about category 2 expenses is set out in **Appendix III**.

The approval of the basis of our remuneration and category 2 expenses forms part of decision for which approval is being sought, but if a creditors' committee is appointed at the forthcoming meeting of creditors then I must seek approval from that committee instead.

To the date this report is prepared, my time costs amount to £15,436 representing 33.2 hours work, at an average charge out rate of £464.94. Appendix III contains information about remuneration and expenses, including the total time spent on the affairs of the Company for the period from when it entered administration, 8th February 2023, to the date of these proposals, and the cost of that time based on the charge out rates of the staff undertaking the work.

Further information relating to administrator's remuneration and the rights of creditors in relation to the approval of remuneration may be found in the "Creditors' Guide to Administrators' Fees in Scotland", which may be accessed at: <https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration>. Alternatively, a copy is available free of charge upon request.

11. Discharge from Liability

We will, in accordance with legislation, be seeking an order of court for discharge from liability in respect of any action of ours as administrators to take effect at the conclusion of the administration.

12. Joint Administrators' Investigations

We have a duty to consider the conduct of those who have been directors of the company at any time in the three years preceding the administration. We are also required to investigate the affairs of the company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

13. EU Regulation on Insolvency Proceedings

The jurisdiction of this matter is within Scotland, due to its centre of main interest ('COMI') being within Scotland by virtue of its registered office and main activities being in Scotland. The administration is conducted within the provisions contained within the Insolvency Act 1986, Schedule B1 and the Insolvency (Scotland) (Company Voluntary Arrangements and Administrations) Rules 2018.

14. Joint Administrators' Proposals

In order to achieve the objective Kenneth Wilson Pattullo and Kenneth Robert Craig of Begbies Traynor (Central) LLP, the joint administrators formally propose to creditors that:

- (a) they continue to manage the business, affairs and property of the company in order to achieve the purpose of the administration. In particular that they:
 - (i) will continue to liaise with the company directors, contacts in Europe and USA and specialist agents to try to advance supply contracts for the distribution of medical devices. The Joint Administrators will ensure that the patents and design rights held by the company will be renewed where necessary during the course of the administration to maximise the potential value of the contracts.
 - (ii) sell the company's assets at such time(s) on such terms as they consider appropriate;
 - (iii) 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 which supplies or has supplied goods or services to the company; and
 - (iv) do all such things and generally exercise all their powers as administrators as they in their discretion consider desirable or expedient 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 proposals
- (b) If there are funds available to be distributed to the unsecured creditors, the joint administrators may make an application to court to allow them to distribute the funds. Otherwise the company will exit the administration by way of a Creditors Voluntary Liquidation, and it is proposed that Kenneth Wilson Pattullo and Kenneth Robert Craig are appointed the joint liquidators of the company, and that they will act jointly and severally in their duties. Creditors may nominate a different person(s) as the proposed liquidator(s), but must make the nomination(s) at any time after receipt of these proposals, but before they are approved. Information about the approval of the proposals is set out above.

- (c) If there are no funds available for distribution to the unsecured creditors, the company exits administration by way of dissolution.
- (d) they are remunerated by reference to time properly spent by them and their staff in dealing with matters relating to the administration of the company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates for the joint administrators and their staff are outlined in Appendix III of these proposals.
- (e) they be authorised to draw category 2 expenses as outlined in Appendix III of these proposals.

15. Further Information

Should you require any further information relating to these proposals or the administration of the company please do not hesitate to contact Louise Lawlor on the telephone number shown in the covering letter enclosing these proposals.



Kenneth Pattullo
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics. Privacy notices and our privacy policy may be accessed on our website. The affairs, business and property of the Company are being managed by the Administrators.

Appendix I - Statutory Information

Company Information

Company Name:	Clear Surgical Ltd
Previous Name:	N/A
Company Number:	SC441280
Date of Incorporation:	28 January 2013
Trading Address:	Suite 2, Ground Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Current Registered Office:	Suite 2, Ground Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former Registered Office:	N/A
Principal Trading Activity:	General medical practice activities

Appointment details

Date of Appointment:	8 February 2023
Appointment made by:	
Court Name and Reference:	Court of Session P105-/23
Administrators Appointed:	Kenneth Wilson Pattullo IP Number: 008368 Kenneth Robert Craig IP Number: 008584

Officers of the company

Directors:	Name:	Shareholding
	Mr Christopher George Alvan Fletcher	14,726 – 2.08%
	Mr John Joseph Fox	Nil
	Professor Robert John Sellar	40,802 – 5.76%
Company Secretary:	None Listed	

Share Capital

Shareholder	Ordinary £1 Shares	Percentage
Kelvin Capital Limited	3224	0.45%
Scottish Enterprise	209,257	29.53%
Brookfield Ltd	8,278	1.17%
Otterson Properties Limited	10,596	1.5%
Scottish Health Innovations Limited	81,503	11.5%
Iain Edward White	1,448	0.2%
James Joseph McGuire	17,152	2.42%

Clear Surgical Ltd - In Administration

John George Pyburn	2,370	0.33%
Lynn Nathan	1,410	0.2%
Kenneth Bryce Morrison	3,221	0.45%
Michael Watherston	11,448	1.62%
Murali Subramaniam	14,000	1.98%
Nigel Kelly	1,418	0.2%
Philip James Harris	13,245	1.87%
Philip Tracy	14,191	2%
Fiona Braid	6,700	0.95%
Geraldine Gammell	6,623	0.93%
Hector Cameron	13,318	1.88%
John Brown Warnock Park	5,205	0.73%
John Carson	4,966	0.7%
John Mcnicol	406	0.06%
Malcolm Ricketts	1,656	0.23%
Margaret Boyd	660	0.09%
Martin Eckersall	5,000	0.71%
Richard Burns	24,748	3.49%
Don Rutherford	1,369	0.19%
Donald Houston	24,417	3.45%
Elaine Gemmell	2,579	0.36%
David Baxendale	26,228	3.7%
Edward Tulloch	4,880	0.69%
Christopher Fletcher	14,726	2.08%
Claire Fletcher	6,622	0.93%
Richard Neville-Towie	6,448	0.91%
Robert John Sellar	40,802	5.76%
Torraj Mombeini	9,478	1.34%
Arun Randev	1,482	0.21%
Brendan Corkery	6,623	0.93%
Timothy Noble	19,685	2.78%
Richard Cameron	51,606	7.28%
James Hall	406	0.06%
Gerard Mcgettigan	634	0.09%
Kevin O'Sullivan	2,616	0.37%
Michelle Ward	19,344	2.73%
Gordon Cunningham	6,700	0.95%

Total Ordinary £1 Shares Issued: 708,688

Statement of Affairs

Clear Surgical Ltd
Company number: SC441280

In the Court of Session Court No. P105- of 23

Insert name of the
company

Statement as to the affairs of:
Clear Surgical Ltd
("the company")
as at 8th February 2023, the date that the company entered administration.

Statutory Declaration

I solemnly and sincerely declare that the information provided in this statement and the lists marked "A" to "I" annexed and signed as relative hereto is, to the best of my knowledge and belief, true and complete,

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Edinburgh

Signed [Signature]

This 10th day of March 2023

Before me [Signature]

A Notary Public or Justice of the Peace or Solicitor

STATEMENT as to the affairs of the company on 8th February 2023

List G & H to be omitted from the document filed with the Registrar of Companies	ASSETS		Estimated Realisable Values £
	Assets not specifically secured (as per List "A")		17,638
	Assets specifically secured (as per List "B")	£0	£0
	Estimated realisable value		
	Less: Amount due to secured creditors		
	Estimated Surplus		
	Estimated Total Assets available for preferential creditors, holders of floating charges and unsecured creditors		17,638
	LIABILITIES		
	Preferential creditors (as per List "C")		£0
	Employees or former employees		
	Other		
	Estimated balance of assets available for holders of floating charges and unsecured creditors		£0
	Estimated prescribed part of net property where applicable (to carry forward)		£0
	Holders of floating charges (as per List "D")		£0
	Estimated surplus/deficiency as regards holders of floating charges		£0
	Estimated prescribed part of net property where applicable (brought down)		£0
	Unsecured Creditors:	£	
	Trade & expense (as per List "E")	8,402	
	HMRC:		
	VAT	739	
	PAYE / NIC	1,707	
	Other	0	
	Contingent or other liabilities (as per List "F")	240,000	
	Employees & former employees (as per List "G")	0	
	Consumers claiming amounts paid in advance (as per List "H")	0	
	Total unsecured creditors (excluding any shortfall to floating charge holders):		250,848
	Estimated Surplus/Deficiency as regards creditors unsecured creditors (excluding any shortfall to floating charge holders)		£0
	Estimated deficiency after floating charge where applicable (brought down)		£0
	Estimated Surplus/Deficiency as regards creditors		
	Issued and Called-up Capital (as per List "I")		709
	Estimated Surplus/Deficiency as regards members		£(233,210)

These figures must be read subject to the following:—

*delete as appropriate

(a) There is no unpaid capital liable to be called up

The estimates are subject to the expenses of the administration and to any surplus or deficiency on trading pending realisation of the Assets.

Statement of affairs LIST 'A'

Assets not specifically secured

Particulars of assets	Book value £	Estimated to produce £
Balance at bank.....	£17,637.78.....	N/A
Cash in hand	£0.....	N/A
Marketable securities (as per Schedule I).....	£0.....	N/A
Bills receivable (as per Schedule II).....	£0.....	N/A
Trade debtors (as per Schedule III).....	£1,615.51.....	nil
Loans and advances (as per Schedule IV)	£0.....	N/A
Unpaid calls (as per Schedule V).....	£0.....	N/A
Stock in trade	£30,116.00	nil
Work in progress	£0	N/A
Heritable property	£0.....	N/A
Leasehold property.....	£.....	N/A
Plant, machinery and vehicles.....	N/A
Furniture and fittings, IT Equipment.....	£6,249	nil
Patents, trade marks, etc	£0.....	N/A
Investments other than marketable securities	£0.....	N/A
Other property	£0.....	N/A
Total		

Signed:  Date: 10 March 2023

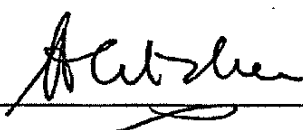
Statement of affairs LIST 'B' (consisting of 1 page)

Assets specifically secured and creditors fully or partly secured
(not including debenture holders secured by a floating charge)

No	Particulars of assets specifically secured	Nature of security	Date when security granted	Name of and address of creditor
	None			

Note: For this purpose, treat as a creditor but identify separately in List F

- (a) an owner of goods in the company's possession under a hire-purchase agreement or an agreement for the hire of goods for more than 3 months, or
- (b) a seller of goods to the company claiming a retention of title or a seller under a conditional sale agreement.

Signed: 

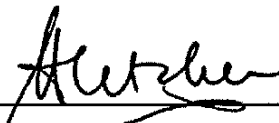
Date: 10 March 2023

Statement of affairs LIST 'C' (consisting of 1 page)

Preferential creditors

(Note: List employees or former employees as an aggregate amount)

No	Name of and address of creditor	Nature of claim	Total amount of claim	Amount ranking as preferential	Balance not preferential
1	Aggregate amount for employees and former employees None				

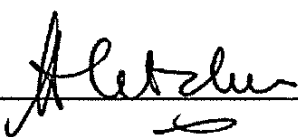
Signed: 

Date: 10 March 2023

Statement of affairs LIST 'D' (consisting of 1 page)

List of holders of debentures secured by a floating charge

No	Name and address of Holder	Amount £	Description of assets over which security extends
	None		

Signed: 

Date: 10 March 2023

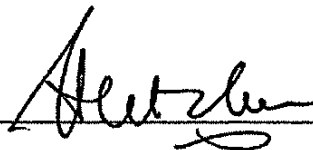
Statement of affairs LIST 'E' (consisting of 1 page)

Unsecured creditors— trade & expense creditors

(Excluding consumers claiming amounts paid in advance of the supply of goods and services contained in List I)

No	Name of and address of creditor	Amount of the debt £
	DC Consulting (Scotland) Ltd Dundee One, River Court, 5 West Victoria Dock Rd, Dundee DD1 3JT	760.50
	ECE Associates 8 Elizabeth House Royal Elizabeth Yard Dalmeny EH29 9EN	1,560.00
	MBM Commercial LLP Suite 2, Ground Floor, Orchard Brae House, 30 Queensferry Rd, Edinburgh EH4 2HS	4,900.00
	Mucky Puddle Studio 9A St George's Studios 93-97 St Georges Road Glasgow G3 6JA	936.00
	RAF Solutions inc.(\$296.32) 10124 N.W. 53rd St, Sunrise Florida 33351 United States Of America	245.50

Signed: _____



Date: _____

10 March 2023

Statement of affairs LIST 'G' (consisting of 1 page)

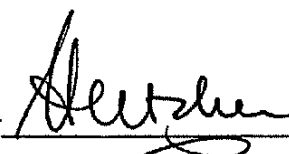
Employees and former employees

(Note: This schedule must be omitted from the documents filed with the Registrar of Companies.

In administration, this list is not circulated to creditors with the administrator's proposals but may be requested under Rule 1.52.)

No	Name of and address of employee	Amounts ranking preferentially £	Unsecured debt £	Total debt £
	None			

Signed: _____



Date: _____

10 March 2023

Statement of Affairs List 'H' (consisting of 1 page)

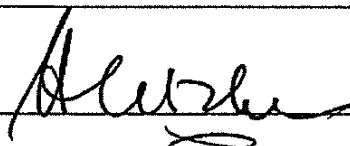
Unsecured creditors— Consumers claiming amounts paid in advance of the supply of goods and services

(Note: This schedule must be omitted from the documents filed with the Registrar of Companies.

In administration, this list is not circulated to creditors with the administrator's proposals but may be requested under Rule 1.52.)

No	Name of and address of creditor	Amount of the debt £
	None	

Signed: _____



Date: _____

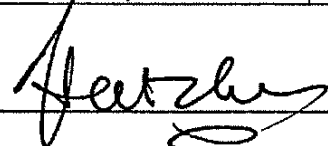
10 March 2023

Statement of affairs LIST 'I' (consisting of 1 pages)

Company Members

No	Name of and address of Member	Number of shares held	Class of shares held	Nominal value £	Unpaid amount £
1	Scottish Health Innovations	81,503	Ordinary	£0.001	£0
	Scottish Enterprise CIF	209,257	Ordinary	£0.001	£0
	John Park	5,205	Ordinary	£0.001	£0
	Robert Sellar	40,802	Ordinary	£0.001	£0
	Elaine Gemmell	2,579	Ordinary	£0.001	£0
	Jim McGuire	17,152	Ordinary	£0.001	£0
	Dr Murali Subramaniam	14,000	Ordinary	£0.001	£0
	Richard Cameron	51,606	Ordinary	£0.001	£0
	Hector Cameron	13,318	Ordinary	£0.001	£0
	Donald Houston	24,417	Ordinary	£0.001	£0
	Margaret Boyd	660	Ordinary	£0.001	£0
	Don Rutherford	1,369	Ordinary	£0.001	£0
	Kevin O'Sullivan	2,616	Ordinary	£0.001	£0
	Nigel Kelly	1,418	Ordinary	£0.001	£0
	John McNicol	406	Ordinary	£0.001	£0
	James Hall	406	Ordinary	£0.001	£0
	Arun Randev	1,482	Ordinary	£0.001	£0
	John Pyburn	2,370	Ordinary	£0.001	£0
	Lynn Nathan	1,410	Ordinary	£0.001	£0
	Torraj Mombeini	9,478	Ordinary	£0.001	£0
	Gerard McGettigan	634	Ordinary	£0.001	£0
	Iain Whyte	1,448	Ordinary	£0.001	£0
	Phil Harris	13,245	Ordinary	£0.001	£0
	Sir Timothy Noble	19,685	Ordinary	£0.001	£0
	Christopher Fletcher	14,726	Ordinary	£0.001	£0
	Edward Tulloch	4,880	Ordinary	£0.001	£0
	Richard Burns	24,748	Ordinary	£0.001	£0
	Martin Eckersall	5,000	Ordinary	£0.001	£0
	Philip Tracy	14,191	Ordinary	£0.001	£0
	Kenneth Bryce Morrison	3,221	Ordinary	£0.001	£0
	Gordon Cunningham	6,700	Ordinary	£0.001	£0
	Otterston Properties	10,596	Ordinary	£0.001	£0
	Fiona Braid	6,700	Ordinary	£0.001	£0
	Malcolm Ricketts	1,656	Ordinary	£0.001	£0
	Brendan Corkery	6,623	Ordinary	£0.001	£0
	Geraldine Gammell	6,623	Ordinary	£0.001	£0
	Claire Fletcher	6,622	Ordinary	£0.001	£0
	Michael Watherston	11,448	Ordinary	£0.001	£0
	David Baxendale	26,228	Ordinary	£0.001	£0
	John Carson	4,966	Ordinary	£0.001	£0
	Bill Roberts	8,278	Ordinary	£0.001	£0
	Richard Neville-Towle	6,448	Ordinary	£0.001	£0
	Michelle Ward	19,344	Ordinary	£0.001	£0
	Kelvin Capital	3,224	Ordinary	£0.001	£0

Signed:



Date:

10 March 2023

Aged Receivables

LIST III

Clear Surgical Ltd February 2023

	Current	January	December	November	Older	Total
Receivables						
Erica Dean	-	-	-	-	1,189 ¹	1,189
Joe Rose	-	-	-	-	432 ¹	432
Total Receivables	-	-	-	-	1,621	1,621
	0.0%	0.0%	0.0%	0.0%	100.0%	

Notes

1

Figures converted into British Pound using the following rate:
1.20312 USD United States Dollar per GBP. Rate provided by XE.com on 28 Feb 2023.

Signed: 

Date 10 March 2023

Office Holder Remuneration

Case Name	Clear Surgical Ltd
Court	Court of Session
Court reference	P105-/23
Office Holders	Kenneth Wilson Pattullo IP Number: 008368 Kenneth Robert Craig IP Number: 008584
Firm	Begbies Traynor (Central) LLP
Address	1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA
Type of Appointment	ADM
Date of Appointment	8 th February 2023

1. Overview of Case

1.1. Appointment

We were appointed Joint Administrators on 8th February 2023.

1.2. Strategy

Cash at Bank

As at the date of appointment, the company had a credit balance in its Royal Bank of Scotland account of £17,637.78 which has now been remitted to the administration bank account. There are no further sums expected.

Intellectual Property

The company has a number of European and American patents and design rights which we have received a detailed audit of from the company's patent attorneys, HLK. This audit was subsequently passed to our IP agents, Hilco, to review and determine a valuation.

We are currently awaiting this information but it is likely any patents coming up for renewal during the course of the administration will be renewed, where our agent recommends this, to enhance the value that can be achieved from our discussions with the US Department of Defence and overseas importers to the European market. This is mentioned further in 5.3 below.

Foreign Contracts

The company became aware at the end of 2022 that it had lost its CE mark and the regulators, MHRA, had not been able to advise the company whether it would be possible to grant an extension. As a direct result, the company was not allowed to sell in the UK and could no longer trade.

However, the directors had held discussions with the owner of a small medical device company based in Germany who is looking to become a distributor in Germany and also in Europe as a whole. They have confirmed that they would be willing to assist the Joint Administrators in progressing the company's CE mark accreditation in Europe which would allow the company to use the equivalent mark in the UK until 2025. Further information in this regard will be provided to creditors in due course.

In addition to the above, discussions have also taken place with PinPoint, who are a medical device company based in the US selling medical devices into the US market. They have preferred status with regards to the distribution of military medical sales in the US as a result of their relationship with Red One, a military veteran owned procurement company. PinPoint would be looking to work exclusively with the company to ensure agreed annual sales of the op light.

A number of key issues regarding the manufacture of the opt light, the costs involved and how these will be funded are currently being discussed.

The progression of each of the above contracts will require some form of 3rd party investment. We are currently working with the company's directors to prepare an estimated outcome statement and cashflow forecast to determine the manufacturing and shipping costs involved and what would be required from any potential investors.

Stock

The company holds a significant number of batteries, lights and a welding machine which is currently held in Manchester. It is possible that some of the lights can be re-sterilised to allow them to be used in manufacturing which would provide an initial batch available for the US market if the contract with PinPoint goes ahead. However, information regarding the source of the lights would be needed to ensure that the product meets regulatory standards.

1.3. Staffing

The Joint Administrators' staff will deal with the day-to-day running of the case. We will also attend to all statutory matters and liaise with creditors' queries.

Due to the complexity of the case, the matter is being dealt with the Joint Administrators, a Partner and a Director. Assistance is also being provided by less senior members of staff where it is deemed appropriate. This is to ensure that the Joint Administrators have sufficient time to deal with the complex issues.

The Joint Administrators will continue to engage the services of Haseltine Kempner & Lake LLP and Hilco Streambank Management with regards to the intellectual property owned by the company. Further professional agents may be engaged as required during the course of the administration.

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them.

1.4. Existing fee arrangements

The basis of the Joint Administrators' remuneration will be determined by the Court in accordance with Rule 7.11(8) of the Insolvency (Scotland) (Receivership and Winding Up) Rules 2018. The provisional basis of our remuneration will be as follows:

- * Time costs by reference to the time properly spent by us and our staff in dealing with the matters relating to the administration of the company

Further information relating to administrator's remuneration and the rights of creditors in relation to the approval of remuneration may be found in the "Creditors" Guide to

Administrators' Fees in Scotland", which may be accessed at: <https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration>. Alternatively, a copy is available free of charge upon request.

1.5. Anticipated return to creditors/outcome

Secured Creditors

There are no known secured creditors

Preferential Creditors – Employees

Claims from employees in respect of arrears of pay, accrued holiday pay and unpaid pension contributions rank preferentially (in priority to floating charge creditors and unsecured creditors). We understand that there is an outstanding amount due to the director as an employee of the company in respect of arrears of pay.

Depending on the level of asset realisations ingathered during the course of the administration, a dividend may be available to the preferential creditors.

Secondary Preferential Creditors – HM Revenue & Customs

Further to the changes to the Finance Act 2020, HM Revenue & Customs are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

We understand that there may be sums due to HM Revenue & Customs in respect of VAT. HM Revenue & Customs will be asked to verify their claim amount in due course.

Depending on the level of asset realisations ingathered during the course of the administration, a dividend may be available to the secondary preferential creditors.

Unsecured Creditors

Based on the director's statement of affairs, the estimated amount due to the unsecured creditors is £250,109. No claims have yet been received from the unsecured creditors to date.

It is not yet known whether a dividend will be available to the unsecured creditors and is entirely dependent on the level of asset realisations.

2. Explanation of officeholders charging and disbursement recovery policies

2.1. Time recording

Work undertaken on cases is recorded in 6-minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 – until further notice
Partner	545
Director	490
Senior Manager	435
Manager	380
Assistant Manager	275
Senior Administrator	240
Administrator	195
Junior Administrator	155
Cashier	155
Secretarial	155

2.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by Begbies Traynor (Central) LLP and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 expenses are incurred by Begbies Traynor (Central) LLP and recharged to the estate; they are not attributed to the estate by a third-party invoice and/or they may include a profit element. These disbursements are recoverable in full from the Company, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, business mileage, internal room hire and internal storage.

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1. Pre-appointment

Begbies Traynor is not proposing to seek approval of pre-administration costs. As mentioned in the proposals, prior to the appointment of the Joint Administrators, Begbies

Traynor were asked to review the financial position of the company in October 2022. No payment has been received in respect of this work.

3.2. Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices;
- > Notification of the appointment to creditors, members, employees and other interested parties;
- > Setting up case files;
- > Reviewing available information to determine appropriate strategy;
- > Setting up and maintaining bank accounts;
- > 6 monthly progress review of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

3.3. Investigations

The time spent comprises:

- > Corresponding with the former directors and management;
- > Review of questionnaires and comments provided by interested parties;
- > Review of company documentation;
- > Liaising with the creditors' committee on such matters; and
- > Completion of statutory returns to the Insolvency Service.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff.

3.4. Realisation of assets

(i) Cash at Bank

As at the date of appointment, the company had a credit balance in its Royal Bank of Scotland account of £17,637.78 which has now been remitted to the administration bank account. There are no further sums expected.

(ii) Intellectual Property

We have spent time in discussing the company's intellectual property portfolio with HKL as well as with Hilco in respect of a valuation report. It has also been necessary to discuss the renewals of the US and European patent with HL Renewals, which are due to expire in March 2023 and May 2023 respectively, to ensure that maximum value can be obtained from any parties interested in purchasing the patents and design rights owned by the company.

(iii) Foreign Contracts

We are currently working with the company's directors to prepare an estimated outcome statement and cashflow forecast to determine the manufacturing and shipping costs involved and what would be required from any potential investors. Time has been spent by the Joint Administrators discussing a number of options for marketing and selling the scissor technology and retractor lights in the USA and in Europe. These discussions remain ongoing.

(iv) Stock

Time has been spent in collating the surplus stock owned by the company and in determining what stock is required by the company in order for further lights to be manufactured. It is likely that future discussions will take place with a shortlist of manufacturers who may be able to assist with production.

3.5. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors;
- > Dealing with employee related matters;
- > Dealing with reservation of title claims;
- > Recording creditor claims
- > Reporting to creditors;
- > Meetings of creditors;
- > Dealing with creditor queries;
- > Reviewing and evaluating creditor claims;

4. Time and charge out summary

To date a total of 33.2 hours have been spent at an average charge out rate of £464.94 bringing the total cost to date to £15,436.

A summary of these charges is shown in the attached SIP 9 report.

5. Disbursements

5.1. Category 1

Expenses incurred during the period of this report and cumulatively, and those reimbursed in the period and cumulatively, to end of current period, are detailed below:

Expenses	This period		Previous Period(s)		Cumulatively	
	Incurred	Paid	Incurred	Paid	Incurred	Paid
	£	£	£	£	£	£
Agent fees	£225	£225	Nil	Nil	£225	£225
Legal Fees	£180	£180	Nil	Nil	£180	£180
US Agent fees (inc bank charges)	£624.61	£624.61	Nil	Nil	£624.61	£624.61
Patent renewal fee	£1,925	£1,925	Nil	Nil	£1,925	£1,925
IT agent fee	£114.62	£114.62	Nil	Nil	£114.62	£114.62
Manufacturer fee	£1,964.80	£1,964.80	Nil	Nil	£1,964.80	£1,964.80
Total			Nil	Nil		

5.2. Category 2 disbursements

No Category 2 disbursements have been charged to this matter.

Clear Surgical Ltd
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 08/02/2023 To 31/03/2023 £	From 08/02/2023 To 31/03/2023 £
OTHER DIRECT COSTS		
Direct Expenses	4,004.42	4,004.42
	(4,004.42)	(4,004.42)
TRADING SURPLUS/(DEFICIT)	(4,004.42)	(4,004.42)

Clear Surgical Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 08/02/2023 To 31/03/2023 £	From 08/02/2023 To 31/03/2023 £
	ASSET REALISATIONS		
17,000.00	Cash at Bank	17,637.78	17,637.78
	Trading Surplus/(Deficit)	(4,004.42)	(4,004.42)
		<u>13,633.36</u>	<u>13,633.36</u>
	COST OF REALISATIONS		
	Agents/Valuers Fees (1)	225.00	225.00
	Legal Fees (1)	180.00	180.00
	US Agent Fees	624.61	624.61
		<u>(1,029.61)</u>	<u>(1,029.61)</u>
<u>17,000.00</u>		<u>12,603.75</u>	<u>12,603.75</u>
	REPRESENTED BY		
	Accruals (Expenditure)		4,900.00
	Floating Current Account		7,206.87
	Vat Receivable		496.88
			<u>12,603.75</u>

[illegible]

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in Scotland

² Ibid 1

payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £5,000 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 – until further notice
Partner	545
Director	490
Senior Manager	435
Manager	380
Assistant Manager	275
Senior Administrator	240

Administrator	195
Junior Administrator	155
Cashier	155
Secretarial	155

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.