

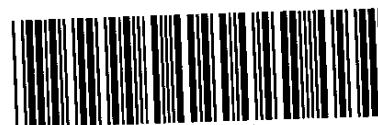
AM10

Notice of administrator's progress report



Companies House

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20/12/2019

#372

COMPANIES HOUSE

1 Company details

Company number 04304849

Company name in full Metalysis Limited

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

2 Administrator's name

Full forename(s) Eddie

Surname Williams

3 Administrator's address

Building name/number Colmore Building

Street Colmore Circus

Post town Birmingham

County/Region

Postcode B46AT

Country

4 Administrator's name

Full forename(s) Christopher J

Surname Petts

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

5 Administrator's address

Building name/number Rotterdam House

Street 116 Quayside

Post town Newcastle-Upon-Tyne

County/Region

Postcode NE13DY

Country

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

AM10

Notice of administrator's progress report

6

Period of progress report

From date	d	0	d	3	m	0	m	6	y	2	y	0	y	1	y	9
To date	d	0	d	2	m	1	m	2	y	2	y	0	y	1	y	9

7

Progress report

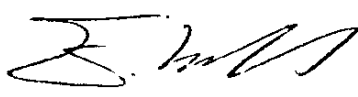
☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X  X

Signature date

d	1	d	8	m	1	m	2	y	2	y	0	y	1	y	9
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name **Alexandra J Dobie**

Company name **Grant Thornton UK LLP**

Address **4 Hardman Square**
Spinningfields

Post town **Manchester**

County/Region

Postcode **M 3 3 E B**

Country

DX

Telephone **0161 953 6900**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Metalysis Limited - in administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Joint administrators' progress report for the
period 3 June 2019 to 2 December 2019

Prepared by: Eddie Williams, Joint Administrator

Contact details: Should you wish to discuss any matters in
this report, please do not hesitate to
contact Alexandra Dobie on
0161 953 6422

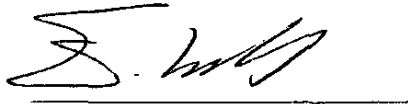
Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

AG	Addleshaw Goddard LLP
AMA	Accelerated mergers and acquisitions
The Company/Metalysis	Metalysis Limited – in administration
CVL	Creditors' Voluntary Liquidation
ERA	ERA Solutions Limited
Hercules	Hercules Capital Inc.
Hilco	Hilco Appraisals
HMRC	H M Revenue & Customs
Joint administrators/we/us/I	Eddie Williams and Christopher Petts
PAYE	Pay as you earn
PRG	Power Resources Group Limited
RPS	Redundancy Payment Service
SIP 9	Statement of Insolvency Practice 9
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
VAT	Value added tax

1 Executive summary

- This progress report covers the first six months since our appointment, being the period from
- 3 June 2019 to 2 December 2019.
- This report should be read in conjunction with our proposals, which were circulated on 17 July 2019 and approved on 1 August 2019 by deemed consent.
- We do not anticipate there being sufficient asset realisations to make a distribution to preferential or unsecured creditors (Section 3 – Dividend prospects) and therefore it is intended the administration will end by dissolution.
- The administration is currently due to end on 2 June 2020. It is anticipated that this matter will take a further 9 to 12 months to be completed and we will be requesting a 12 month extension to the administration from the secured creditor.
- In addition to our statutory duties, the key work done in the period has been to complete a sale of the business and assets of the Company, further details of which are provided later in this report.



Eddie Williams
Joint Administrator
18 December 2019

Please be aware fraudsters have been known to masquerade as legitimate administrators. Fraudsters will contact creditors asking for an upfront fee or tax to release an investment or pay a dividend / to enable release of money payable to the creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

2 Progress to date

2.1 Strategy and progress since our statement of proposals

The joint administrators' statement of proposals was circulated on 17 July 2019 and included the full administration strategy.

The joint administrators must perform their functions with the objective of:

- Rescuing the Company as a going concern, or
- Achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors

It was not possible to achieve a rescue of the Company as a going concern, as there was no funding available from any of the key stakeholders and no purchaser had been found for the shares of the Company. Furthermore, due to the nature of the Company's business model and financial circumstances, a company voluntary arrangement was not appropriate.

The second objective has been pursued and achieved, as the administration provided the opportunity to complete a sale of the business and assets and pursue a strategy that provided maximum value compared to the Company entering liquidation and assets sold on a piecemeal basis.

The initial strategy undertaken by the joint administrators was as follows:

- Continue discussions with interested parties to sell the business and assets.
- Seek funding to continue to trade whilst a sale was sought
- Undertake projects where financially feasible and that the Company could continue post a transaction.
- Seek a going concern sale of the business, as the Company had insufficient funds to trade.
- Address employees to inform them of the administration and strategy.
- Engage with key stakeholders such as landlords and suppliers.
- Contingency planning for event that a going concern sale could not be achieved.

In our proposals we reported on the sale of the business and assets, which completed on 5 July 2019.

Since our proposals, and in addition to our statutory duties, we have:

- Made an interim distribution of £807,037 (\$1m) to Hercules, the secured creditor
- Collected a pre appointment VAT refund of £26,595.
- Liaised with the purchaser, PRG, regarding an assignment of the leases
- Managed the payment of trading costs.

2.2 Trading

As noted in our proposals, the Company was operating in a mothballed state prior to appointment. The decision was made to continue to operate the business in this state while a sale was pursued.

The joint administrators traded the Company from 3 June 2019 to 5 July 2019, and although no sales were made, maximum value for the business and assets was achieved by the business continuing to operate as a going concern

Since the date of our proposals, a further approximately £71,500 of trading expenditure has been paid, which now totals £124,834. We are still pursuing final bills from the trading period, which will be paid in due course. Full details of expenditure incurred is detailed in the trading account at Appendix A.

2.3 Details of transaction

As previously reported, on 5 July 2019, we achieved a sale of the trade and assets of the Company as detailed below:

Name of purchaser	Power Resources Group Ltd
Consideration and allocation against assets:	
Plant & Machinery	\$1,800,000
Plant & Machinery (Consumables)	\$209,000
Intellectual Property	\$430,000
Goodwill	\$11,040
Stock	\$49,960
Total	\$2,500,000
Date of transaction	5 July 2019
Deferred consideration terms (and any security held)	\$1,000,000 to be paid 12 months after the Transaction date. Security remains in place over the assets transacted
Employees transferred	10
Creditor mitigation	Nil
Purchaser's connection to the Company	There is no connection between the purchaser and the Company

PRG was granted a six month licence to occupy three properties as part of the sale agreement and to date, £103,590 of the licence fee has been received. A second and final licence payment of £103,590 is due from PRG but has not yet been received pending PRG's ongoing negotiations with the landlords for potential rent free periods.

PRG has instructed solicitors to assign the leases and AG will review the documents on behalf of the joint administrators. This work is ongoing and AG's costs are expected to be £1,700, which will be payable by PRG.

2.4 Realisation of assets

In addition to the sales consideration, we have realised the following:

- A pre-appointment VAT refund of £26,596 from HMRC, which was not included as an asset on the directors' statement of affairs.
- Cash at bank of £40,090 and £437 cash at bank and in hand

2.5 Assets remaining to be realised

The only remaining asset to be realised is the deferred consideration due from PRG on 5 July 2020.

3 Creditors

3.1 Secured creditors

Hercules was granted a fixed and floating charge debenture over the Company's assets on 26 March 2018, which was registered at Companies House on 6 April 2018. At the date of administration, the balance due secured by this debenture was approximately \$3.7million, including interest and charges

Following the sale of the business and assets, a distribution was made to Hercules of £807,038 (\$1million). We estimate that a further distribution of \$1million will be made to Hercules upon receipt of the deferred consideration from PRG.

3.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits. A significant element of these claims were subrogated to the Secretary of State, following payment of claims by the RPS.

There were 59 employees, including two non-executive directors, working at the Company upon our appointment. 49 redundancies were made during the administration period and the total preferential claim figure has been calculated at £78,876.

Based upon current asset realisations and the costs of the administration, there will be insufficient funds available to enable a distribution to the preferential creditors.

The 10 remaining employees' contracts were transferred under TUPE with the sale of the business, so no preferential claims should arise as a result of their transfer.

3.3 Prescribed part – unsecured creditors

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

There are insufficient assets to enable a prescribed part distribution to unsecured creditors.

3.4 Non-preferential unsecured creditors

The directors' statement of affairs details 155 unsecured creditors totalling £5,889,842 as follows:

Creditor	Balance (£)
Trade creditors	936,619
HMRC	226,752
Other accruals	1,641
Convertible loan notes - principal	4,100,001
Convertible loan notes -- deemed interest	624,829

No amount was included in respect of unsecured employee liabilities for redundancy, notice pay and arrears of pay (in excess of preferential limits), which have been calculated at £358,340.

There are insufficient assets to enable a dividend to unsecured creditors.

4 Investigations into the affairs of the company

4.1 Statutory investigations

We undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Also, within three months of our appointment as joint administrators, as required by the Companies Directors Disqualification Act 1986, we reported to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years)

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.

5 Fees and costs of the administration

5.1 Overview

Our remuneration basis has not yet been fixed, but we will be requesting Hercules agree to our remuneration being fixed on a time cost basis, as part of this report.

We have incurred remuneration and expenses amounting to £271,247 and £197,223 to date.

In addition to remuneration and expenses incurred, we estimate an additional £11,117 in remuneration to deal with the remaining matters identified in the assets section above and to close the administration.

This brings our total estimated time costs to £282,364 in comparison to our fees estimate totalling £260,070 which was supplied to creditors in our proposals. At this time we do not seek to revise our fees estimate in order to be able to draw more remuneration, as fees will be limited by asset realisations

Further details about remuneration and expenses are provided in Appendix B to this report

5.2 Agents and advisors

Pre appointment

Hilco was instructed pre administration to appraise the Company's plant and machinery.

Their costs are £5,465 plus VAT and have not yet been paid as they are subject to approval from Hercules as secured creditor.

AG was instructed by the Company prior to our appointment to assist in placing the Company into administration and provide general legal advice. Their fees of £15,000 plus VAT were paid prior to the administration.

Post appointment

The joint administrators have engaged the following agents and advisors to assist in the administration:

- Insurance – Marsh were paid £11,850 for open cover during the period
- Legal - AG was paid £40,023 for providing post appointment legal advice and drafting the sale and purchase agreement
- Other – Claire Butler was paid £560 for her assistance in applying for the pre appointment VAT refund
- Other – ERA Solutions was instructed to assist with employees claims following their redundancy Their costs of £2,400 have been paid

6 Future strategy

6.1 Future conduct of the administration

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

- collecting the deferred consideration due from PRG;
- payment of administration expenses, including trading costs, agents fees and our remuneration;
- paying a final distribution to the secured creditor;
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities; and
- complying with statutory and compliance obligations

It is estimated that the administration will take approximately 9 to 12 months to be concluded due to the deferred consideration and the additional time to extend and close the administration

6.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement, unless it is extended with the permission of the creditors or the Court. The administration is currently due to end on 2 June 2020.

It has been identified that an extension to the administration is required to enable us to collect the deferred consideration, pay costs of the administration and make a final distribution to Hercules. Included with this report is a resolution for Hercules to grant an extension of 12 months.

6.3 Exit from administration

As per our proposals that were approved by creditors, the administration will end by the administrators filing a notice to dissolve the Company, or if more time is needed to complete realisations after any extension of the administration, the administrators may present a petition to wind up the Company and then seek their appointment as liquidators.

If any unexpected event occurs that requires the Company to enter into CVL, it was proposed that the joint administrators in office at that date will be appointed joint liquidators.

6.4 Discharge from liability

At the conclusion of the administration we require discharge from liability.

As there are insufficient funds to make a distribution to creditors, we will seek a resolution from the secured creditor in order to obtain our discharge from liability.

6.5 Creditors' committee

The Insolvency (England and Wales) Rules 2016 require that wherever a decision is sought in an administration the creditors must be invited to decide whether a creditors' committee should be established

The function of a committee is to:

- assist the office holders in discharging the office holders' functions; and
- act in relation to the office holders in such manner as may from time to time be agreed

Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.grantthornton.co.uk/portal>.

As the creditors have not previously expressed a wish to form a creditors' committee we do not consider it would be of benefit to creditors to form a committee at this juncture of the administration. A notice of deemed consent that a committee will not be established on this occasion is enclosed for your consideration.

6.6 Data Protection

Any personal information held by the company will continue to be processed for the purposes of the administration of the company and in accordance with the requirements of data protection.

6.7 Future reporting

Our next report to creditors will be for the period 3 December 2019 to 2 June 2020, which will be delivered by 2 July 2020.

Metalysis Limited - in administration
Joint Administrators' receipts and payments account
from 3 June 2019 to 2 December 2019

Receipts	Statement of Affairs (£)	Total (£)
Plant & Machinery		994,877.08
Cash at Bank		40,089.78
Plant & Machinery	900,000.00	167,544.43
Inventory	NIL	0.00
Stock		40,050.33
Goodwill	50,000.00	0.00
Intellectual Property	50,000.00	0.00
VAT Refund	NIL	26,595.62
Cash at bank and in hand	42,428.00	437.04
DTI Grant	NIL	0.00
Employee advance	NIL	0.00
R&D Tax credit	NIL	0.00
HMRC - VAT received/paid		9,620.19
HMRC - Fxd VAT received/paid		2,000.00
Licence fee		103,590.00
		1,384,804.47
Payments		
Rents		18,825.85
Rates		10,128.88
Professional Fees		890.00
Hire of Equipment		1,920.00
PAYE/NI		28,832.80
Net Wages		54,453.31
Other Payroll Deductions/benefits		8,535.42
Security		1,247.31
Legal Fees		10,000.00
Hercules Capital		807,037.37
Agents/Valuers Fees (1)		2,400.00
Legal Fees (1)		40,023.00
Professional Fees		560.00
Re-Direction of Mail		422.00
Statutory Advertising		147.10
Insurance of Assets		11,849.79
Bank Charges		15.00
Employee Arrears/Hol Pay	(201,820.00)	0.00
Floating Charge Creditor	(3,156,790.00)	0.00
Trade & Expense Creditors	(936,619.00)	0.00
Loan notes - Principal	(4,100,001.00)	0.00
Loan notes - interest	(624,829.00)	0.00
Other accruals	(1,641.00)	0.00
HMRC	(226,752.00)	0.00
Ordinary Shareholders	(17,381,098.00)	0.00
VAT on Purchases		12,925.94
Fixed Charge VAT on Purchases		2,000.00
		1,012,213.77
Balance - 2 December 2019		372,590.70
Made up as follows		
Floating Current Account NIB		372,590.70

Metalysis Limited - in administration
Joint Administrators' receipts and payments account
from 3 June 2019 to 2 December 2019

372,590.70

Metalysis Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 03/06/2019 To 02/12/2019 £	From 03/06/2019 To 02/12/2019 £
TRADING EXPENDITURE		
Rents	18,825.85	18,825.85
Rates	10,128.88	10,128.88
Professional Fees	890.00	890.00
Hire of Equipment	1,920.00	1,920.00
PAYE/NI	28,832.80	28,832.80
Net Wages	54,453.31	54,453.31
Other Payroll Deductions/benefits	8,535.42	8,535.42
Security	1,247.31	1,247.31
	(124,833.57)	(124,833.57)
TRADING SURPLUS/(DEFICIT)	(124,833.57)	(124,833.57)

Metalysis Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 03/06/2019 To 02/12/2019 £	From 03/06/2019 To 02/12/2019 £
	SECURED ASSETS	
	Plant & Machinery	994,877.08
	Cash at Bank	40,089.78
		<u>1,034,966.86</u>
	COSTS OF REALISATION	
	Legal Fees	10,000.00
		<u>(10,000.00)</u>
	SECURED CREDITORS	
	Hercules Capital	807,037.37
		<u>(807,037.37)</u>
	ASSET REALISATIONS	
42,428.00	Cash at bank and in hand	437.04
NIL	DTI Grant	NIL
NIL	Employee advance	NIL
50,000.00	Goodwill	NIL
50,000.00	Intellectual Property	NIL
NIL	Inventory	NIL
900,000.00	Plant & Machinery	167,544.43
NIL	R&D Tax credit	NIL
	Stock	40,050.33
	Trading Surplus/(Deficit)	(124,833.57)
NIL	VAT Refund	26,595.62
		<u>109,793.85</u>
	COST OF REALISATIONS	
	Agents/Valuers Fees (1)	2,400.00
	Bank Charges	15.00
	Insurance of Assets	11,849.79
	Legal Fees (1)	40,023.00
	Professional Fees	560.00
	Re-Direction of Mail	422.00
	Statutory Advertising	147.10
		<u>(55,416.89)</u>
(201,820.00)	PREFERENTIAL CREDITORS	
	Employee Arrears/Hol Pay	NIL
		<u>NIL</u>
(3,156,790.00)	FLOATING CHARGE CREDITORS	
	Floating Charge Creditor	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(226,752.00)	HMRC	NIL
(624,829.00)	Loan notes - interest	NIL
(4,100,001.00)	Loan notes - Principal	NIL
(1,641.00)	Other accruals	NIL
(936,619.00)	Trade & Expense Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(17,381,098.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(25,587,122.00)		272,306.45
	REPRESENTED BY	
	Floating Current Account NIB	372,590.70

Metalysis Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 03/06/2019 To 02/12/2019 £	From 03/06/2019 To 02/12/2019 £
REPRESENTED BY CONTINUED		
HMRC - VAT received/paid		3,305.75
Licence fee		(103,590.00)
		272,306.45

B Statement of Insolvency Practice 9 disclosure: payments, remuneration and expenses to the administrators or their associates

Payments, remuneration and expenses to the joint administrators or their associates

Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the joint administrators and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment costs

Pre-appointment administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the company entered administration but with a view to it doing so. To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

Since the date of the joint administrators' last report, Grant Thornton UK LLP has not yet sought approval from the secured creditor of their pre-appointment costs (as disclosed in the joint administrators' statement of proposals) from the estate. The fee proposal will be sent to Hercules with this report.

Details of the pre-appointment costs are provided below at 80% of our normal scale rates, as per the pre-appointment agreement with the Company and Hercules:

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Grade	Hrs	£	Name of payer and relationship to estate	Paid	Pre/post administration	Unpaid
Grant Thornton UK LLP fees	Marketing the business and assets of the Company on an accelerated basis	To confirm that an objective of administration could be achieved and that administration, therefore, was an option for the Company	Partner	95	36,456				
	Instructing agents to value the Company's assets	To assist management with gathering and preparing information, including valuations, for potential acquirers; identification of and introduction to potential acquirers	Manager	16	4,461				
	Circulating an information memorandum and allowing parties access to a data room		Senior	51.30	12,312				
	Correspondence with Addleshaw Goddard regarding legal issues and proposed sale matters	To assist management with preparation, issue and filing of required documents and notices, liaising with key stakeholders, and to advise directors (as a board) of their general responsibilities with regard to insolvency	Assistant	12	1,581				
	General correspondence with interested parties and responding to requests for information	An accelerated sales process was explored during the NOI period as it was considered that if such a sale was completed immediately upon appointment, the objective of an administration would have been achieved. The return to creditors would have been maximised and jobs preserved, further minimising creditors							
	Communicating with the board and providing regular updates as to progress								
	Communicating with the secured creditor as regards strategy								
	Administration eligibility assessment								
	Pre-appointment formalities and								
			Total		54,810			54,810	

practicalities

- Meetings and discussions with the board in relation to the proposed administration
- Engagement with the secured creditor of the Company
- Identifying purchasers for the sale of the business and assets and running an accelerated sales process

Grant Thornton UK LLP expenses		To have discussions with management in relation to the proposed administration	Mileage Subsistence	148 14	148 14	
Hilco Global	• Attended the Company's trading premises and conducted a valuation of the assets on an in-situ and ex-situ basis	• To enable the proposed administrators to confirm that the objective of administration could be achieved based upon the value of the Company's assets	Fees Expenses	5,000 465		5,000 465
		• The valuation further assisted the firm in negotiating with interested parties as regards the AMA work				
Addleshaw Goddard	• Assist with the formalities of placing the Company into administration • Provide pre-appointment legal advice on a variety of matters	• Solicitors were required to assist with the appointment of administrators • Legal advice was sought on a variety of matters by the Company and the proposed joint administrators, which assisted with the administration strategy		15,000	The Company	Pre administration Nil

Notes.

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

Post-appointment costs

Fee basis of the joint administrators

As at the date of this report the fee basis has not been set.

We are yet to seek approval for the fees from the secured creditors, but will do so as part of this report. A fee estimate is provided below

Area of work	Work done	Anticipated future work	Why the work was necessary	Financial benefit to creditors	Fees and expense estimate
Trading					
Trading general	- Planning for trading: costs and practical considerations - Taking meter readings across three sites and providing undertakings to various suppliers for each property - Providing regular updates to employees by email and at briefings - Obtaining payroll information and processing wage payments - Request a new PAYE number from HMRC and pay tax as it accrued - Reviewing the leases for four separate units and entering into discussions with landlords regarding the trading period of occupation - Organising on-site security and liaising with key holders - Travel to and from site to oversee trading - Discussions with the employees regarding the safe operation of the Gen4 machine, including cost considerations and any urgent supplies	Continue to liaise with suppliers regarding apportioning liabilities for the trading period and arranging payment	- Undertakings were required to ensure the joint administrators could remain on site while a sale of the business and assets was explored - Security arrangements were in place to protect the Company's assets	This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available	- Security: 1,247 - Rent: 18,826 - Business rates: 10,129 - Utilities: 23,724 - Gross payroll costs: 91,822 - Internet and phone: 1,000 - Payroll services: 840 - Mileage: 4,344 - Subsistence: 393 - Equipment hire: £1,920
					248 hrs £77,890 £/hr 314

- Liaising with providers of leased or hire purchase assets to minimise trading disruption
- Provide final meter readings where appropriate
- Liaise with suppliers regarding apportioning liabilities for the trading period
- Processing payments to suppliers and HMRC
- Withdrawing undertakings from suppliers

		203hrs	£76,015	£/hr 374
Assets				
Sale of business	• Circulating an information memorandum and allowing parties access to a data room	• Collect deferred consideration of \$1m due to be paid in July 2020	• To effect a sale of the business and assts so an objective of administration could be achieved	• This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available
	• General correspondence with interested parties and responding to requests for information		• To maximise return to creditors	• Legal fees 50,023
	• Attending site visits with various interested parties			• Insurance: 11,850
	• Communicating with the secured creditor and AG regarding any offers received			• Professional services: 1,400
	• Preparing the Sale and Purchase Agreement and associated schedules for the sale to PRG			
Freehold and leasehold property	• Conduct site visits to leasehold premises	• Continue to liaise with landlords regarding the surrender or assignment of leases,	• To fulfil the Company's obligations under the terms of the leases	• Legal fees £1,700
	• Review leases to establish landlord details, liabilities, lease length details and understand any break clauses	• effect a surrender or assignment of the leases as appropriate	• To safeguard the Company assets for a distribution to creditors should sufficient funds become available	
	• Prepare letters to landlords regarding the continued occupation of the leased premises	• Deal with licence fees as appropriate once licences are assigned		

- Arrange site security
- Liaising with landlords regarding the surrender or assignment of leases to PRG
- Instructing and liaising with AG regarding the assignment of leases

Plant and machinery

- Engage and liaise with agents (Hilco) regarding the location and nature of the Company's plant and machinery
 - Managing receipt of deferred consideration payments following the sale of assets
 - Assist in securing the plant and machinery including instructing agents to inspect and secure assets
 - To secure and realise the plant and machinery as part of the sale of business
 - To ensure finance companies are dealt with appropriately
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

Other assets

- Liaise with the Company's telecommunications and IT providers in relation to mobile phones and laptop computers provided to employees
 - Liaising with Hilco and interested parties regarding offers received for other assets
 - Gathering and reviewing relevant
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

company books and records where necessary

- Liaising with the Company's bank regarding the pre-appointment cash at bank
- Liaising with HMRC in order to recover input VAT

Insurance

- Liaising with our insurance broker regarding the insurance of property
- Cancel insurance when cover is no longer needed
- Obtain information for our insurance broker, as requested
- To mitigate risk from loss from an insurable event to protect creditors' interests
- To comply with regulation and law
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

Investigations

35 hrs £9,175 £/hr262

Debtor/ directors/ senior employees

- Send questionnaires to directors for completion
- No further action is required in respect of the investigations
- Conduct a preliminary review into the affairs of the Company based upon electronic records
- To ensure that all Company assets are identified, secured and realised
- Liaise with the purchaser if further records are needed for review and investigation purposes
- Submit statutory report
- This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process

Books and records

- Collect the Company's records and liaising with agents in respect of this
- No further action required
- Review the Company's software platforms and collating information from these, discussions with the software providers regarding ongoing usage and seeking assistance from retained employees regarding the information required
- To ensure that all Company assets are identified, secured and realised
- This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process
- Liaise with internal cyber investigations team regarding imaging the Company's servers

				197 hrs	£50,025	£/hr 254
Creditors						
Bank analysis	- Write to the pre appointment bankers and request copy bank statements - Reviewing the Company's bank statements for any antecedent transactions	No further action required	To ensure that all Company assets are identified, secured and realised	This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process		
Secured	- Ongoing correspondence with the secured creditor as to the progress of the administration - Consider Hercules' security position and discuss with solicitors - Reporting to the secured creditors - Requesting information and approval on various matters	- Seek approval of the administrators' remuneration and expenses, and the extension to the administration - Reporting to the secured creditors on an ongoing basis	To keep the secured creditors informed as the key stakeholders in the administration	This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate	ERA Solutions: 2,400	
Employees & pensions	- Carry out on site briefings to inform employees of the administration and ongoing progress - Send update emails during the first two weeks of appointment and deal with resulting queries - Engage ERA Solutions and attend site twice in relation to redundancies made - Collect Company property from employees, including phones and laptops. Facilitate the collection of personal belongings from site - Liaise with employees in relation to their claims in the estate and their queries - Provide regular updates to	No further action required in respect of the employees	- To ensure all employee claims are dealt with appropriately - To keep the assets up and running until the point of sale - To maintain the key staff to retain the value of the business prior to the sale	This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate		

retained employees and review strategy for making further redundancies

- Obtain details of the Company's payroll to ensure wages are paid during the trading period
- Respond to any incoming employee queries
- Obtain details from ERA as to employee claims and upload onto the Insolvency Practitioner's system
- Process payments of payroll taxes, pension and other deductions

Unsecured

- Gather information in relation to known unsecured creditors
- Liaise with unsecured creditors in respect of their claims in the estate and any general queries
- Write to all creditors advising of appointment and other statutory reporting requirements
- Reporting to creditors
- Liaising with creditors as and when queries arise
- Ongoing liaison with creditors as and when queries arise
- Preparing progress reports to creditors
- To ensure all creditors are kept up to date with the administration
- To ensure all creditor claims are dealt with appropriately
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

Retention of title

- Liaise with claimants and obtain further detail about claims
- Review documentation supplied by claimants and company documentation to consider claim
- Attend site stock take to consider retention of title claim
- Arrange for collection of goods as appropriate
- No further action required
- To ensure all claims are dealt with properly
- This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process

Dividends

- Preparation and review of Estimated Outcome Statement to establish potential level of funds
- Ongoing review of Estimated Outcome Statement
- To ensure all claims are dealt with properly
- This work was necessary to discharge the office holders' duties. As explained under

available for each class of creditor

'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process

Administration				155 hrs	£46,965	£/hr 303
Take-on	- Obtain and assess statutory company information together with other publicly available information - Complete necessary relationship and ethical checks to confirm independence and objectivity for taking the insolvency appointment and implementing and maintaining any safeguards that may be needed - Conduct anti-money laundering checks, including client verification, assessing the risks	- Continuing to monitor and maintain compliance with anti-money laundering procedures - Continuing to monitor risk and implement ongoing checks	- To comply with financial crime legislation as well as internal risk management policies - To facilitate understanding of client and completion of other take-on tasks - To ensure and maintain independence in line with the Insolvency Code of Ethics - Pursuant to anti-money laundering regulations and Grant Thornton policy - To facilitate an efficient and effective start to the insolvency process	This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate	- Redirection of mail 422 - Statutory advertising: 147 - Bank charges: 15	
Appointment formalities	- Prepare, circulate, advertise and file notice of appointment - File appointment documents at Companies House	Continuing to file documents at Companies House as required by statute	To comply with insolvency law and regulations			
Case set-up	- Set up insolvency practitioners' software and transaction processing software - Set up document and mail merge templates for standard letters - Calculate, complete and submit the bordereau notification - Collate and assess information regarding data collection, storage, processing and destruction, implementing and maintaining any necessary data protection strategies, reporting any known issues	Continuing to maintain insolvency practitioners' software and transaction processing software	- To capture key information and facilitate compliance with statutory requirements - To ensure the appointees are insured and the insolvency estate is protected - To understand the data in use, its sensitivities (if any) and to comply with data protection laws - To comply with insolvency law and regulations			
Case	Review of case and progress by	Reviewing of case and progress by	To comply with insolvency law and			

management	Insolvency Practitioners and internal risk management team	Insolvency Practitioners and internal risk management team	regulations
	Liaise with the internal Public Relations team regarding the appointment and producing a statement for release		
Reports, circulars notices & decisions	- Written notice of appointment to all known creditors - Drafting the proposals for achieving the purpose of administration - Drafting, circulating and filing of reports to creditors every six months regarding case progress and any significant matters - Monitoring deemed consent and/or decision procedures, reviewing submissions, establishing the decision outcomes, assessing validity and reporting as appropriate - Requesting approval of extension of the administration from the secured creditor	- Circulating to creditors and filing at Companies House the joint administrators' proposals - Drafting, circulating and filing of reports to creditors every six months regarding case progress and any significant matters	To comply with insolvency law and regulations
Statement of affairs	- Request Statement of Affairs from the directors - Deal with queries from directors regarding the completion of the statement of affairs - Reviewing Statement of Affairs and file at Companies House - Seek outstanding statements of concurrence from the board of directors	No further actions required	- To comply with insolvency law and regulations - To obtain an overview of the financial position of the Company
Committee	We gave creditors the option to create a creditors committee, but no committee has been formed	As part of any resolution put to creditors, unsecured creditors will have the option to form a committee in the future	To comply with insolvency law and regulations
Treasury, billing & funding	- Undertake bank reconciliations - Manage and maintain the estate's	- Undertake bank reconciliations - Manage and maintain the estate's	To comply with insolvency law and regulations

- Drafting the final report and circulating

- | | |
|---|--|
| bank account | bank account |
| • Processing payments of trading expenses | • Processing payments of trading expenses |
| • Transfer of funds from pre-appointment bank account | • Undertaking regular bank reconciliations |
| • Undertaking regular bank reconciliations | • Managing and maintaining the estate's bank account |
| • Managing and maintaining the estate's bank account | |

- | | | | |
|------------|---|------------------------------|----------------------------------|
| Tax | • Collect Company tax information to present to our internal tax team | • Submit ongoing VAT returns | • To comply with tax legislation |
| | • Review the Company's tax liabilities and consider any potential refunds | | |
| | • Seek advice from the tax team regarding the tax impact of the sale of the Company's business and assets | | |
| | • Correspondence with HMRC including the submission of statutory forms | | |
| | • Pay payroll taxes as they fall due | | |

- | | | | |
|-----------------|--|--|--|
| Pensions | • Correspondence with The Pensions Regulator, employee benefits providers and pension scheme | • No further action required on pensions | • To ensure that employees continue to receive contractual benefits that they were entitled to |
| | • Obtain information on the Company's pension schemes | | • To comply with pension related legislation |
| | • Complete and file statutory forms in relation to the pension schemes | | |

- | | | | |
|----------------|---|---|---|
| Closure | • No action has been taken to close the administration for reasons stated above | • Obtaining tax clearance from HMRC, ensuring that all assets have been realised or otherwise dealt with, ensuring all funds have been distributed where applicable | • To ensure proper closure of the case following the completion of the administration |
| | | • Ensuring all expenses incurred have been discharged | • To comply with insolvency law and regulations |

- Drafting the final report and circulating to creditors
- Filing relevant documents at Companies House to ensure closure of the administration

Total fees estimate	838 hrs	£260,070	£/hr 310
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The joint administrators have exceeded the fee estimate in our proposals, primarily due to the time spent on consolidating and paying trading expenditure across two properties after the business and assets were sold.

We are not proposing to increase our original fee estimate, as fees will be capped by asset realisation and payments to the secured creditor.

Work done by the joint administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fee estimate provided. Our fee estimate was included within our proposals sent to creditors dated 17 July 2019. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the joint administrators' fees incurred together with a numerical fees estimate variance analysis. Reasons for any anticipated excess of the fees estimate are included in the 'Fee basis' section above. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Detailed SIP9 time cost analysis for the period and fee estimate variance analysis as at period end
Period from 03/06/2019 to 02/12/2019

Area of work	Partner		Manager		Executive		Administrator		Cumulative total as at period end		Fees estimate		Variance	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Trading:														
Trading (general)	26.00	11,952.00	15.30	5,120.00	53.55	13,837.50	75.10	12,391.50	217.35	59,824.50	275.24	77,890.00	30.65	18,065.50
Travel	7.50	3,497.50	15.90	5,826.00	24.00	7,200.00	-	-	169.95	43,301.00	254.79	-	-	-
									47.40	16,523.50	348.60	-	-	-
Realisation of assets:									217.30	81,181.50	373.59	76,015.00	(14.30)	(5,166.50)
Insurance	-	-	3.00	1,020.00	2.20	660.00	-	-	5.20	1,680.00	323.08	-	-	-
Property	-	-	7.00	2,100.00	7.55	2,218.25	-	-	14.55	4,318.25	296.79	-	-	-
Debtors	-	-	-	-	2.00	600.00	-	-	2.00	600.00	300.00	-	-	-
Sale of business	82.50	40,250.50	26.70	9,078.00	39.90	11,970.00	8.00	1,320.00	157.10	62,618.50	398.59	-	-	-
Other assets	1.40	631.00	5.30	1,802.00	1.40	420.00	0.50	82.50	8.60	2,935.50	341.34	-	-	-
General	0.80	356.00	10.10	3,210.00	17.45	5,215.75	1.50	247.50	29.85	9,029.25	302.49	-	-	-
Investigations:									24.05	7,570.25	314.77	9,175.00	10.95	1,604.75
Debtor / director / senior employees	0.50	255.00	6.30	2,142.00	-	-	-	-	6.80	2,397.00	352.50	-	-	-
General	-	-	2.50	850.00	14.75	4,323.25	-	-	17.25	5,173.25	299.90	-	-	-
Creditors:									193.32	53,235.65	275.38	50,025.00	3.68	(3,210.65)
Secured	0.70	339.50	0.50	150.00	6.70	1,972.00	-	-	7.90	2,461.50	311.58	-	-	-
Employees & pensions	-	-	18.25	6,627.00	58.82	17,171.90	26.40	4,356.00	103.47	28,154.90	272.11	-	-	-
Unsecured	-	-	17.60	5,968.00	43.65	12,661.25	13.90	2,301.00	75.15	20,930.25	278.51	-	-	-
Retention of title	-	-	2.60	780.00	1.60	480.00	2.60	429.00	6.80	1,689.00	248.38	-	-	-
Administration:									195.10	69,435.50	355.90	46,965.00	(40.10)	(22,470.50)
Treasury, billing & funding	-	-	-	-	16.05	3,045.00	18.65	3,309.00	34.70	6,354.00	183.11	-	-	-
Tax	3.00	1,950.00	10.05	4,800.00	0.85	235.75	6.90	1,264.50	20.80	8,250.25	396.65	-	-	-
Pensions	-	-	16.20	7,450.00	-	-	1.00	165.00	17.20	7,615.00	442.73	-	-	-
General	55.90	28,134.00	19.65	6,621.00	44.35	12,048.75	2.50	412.50	122.40	47,216.25	385.75	-	-	-
Total	178.30	87,365.50	176.95	63,544.00	334.82	94,059.40	144.30	23,993.50	847.12	271,247.40	320.20	260,070.00	(9.12)	(11,177.40)

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Due to enhancements to our SIP9 reporting systems, allocation of time against areas of work may differ to previous periods, however this does not affect overall total time costs
- Adverse variances are presented in brackets
- Total time costs paid to date, £0

Hourly charge out rates

Grade	From 3 June 2019 to current		From 3 June 2019 to current	
	Insolvency £/hr		Pensions & tax £/hr	
Partner	510		510	
Director	485		485	
Associate director	445		445	
Manager	340		340	
Assistant manager	300		300	
Executive	245 - 260		260	
Administrator	165 - 200		165 - 200	
Treasury	180		n/a	

The current charge out rates have applied since 3 June 2019. We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the joint administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Motor Expenses (Non Mileage)	65	65	0
Insolvency Practitioners Bond	500	500	0
Parking & Tolls	8	8	0
Postage	13	13	0
Subsistence	261	261	0
Category 2 disbursements			
Mileage	4,425	4,425	0
Expenses			
Rents	18,826	18,826	18,826
Rates	10,129	10,129	10,129
Professional fees	1,400	1,400	1,400
Employment related services	50	50	50
Hire of Equipment	1,920	1,920	1,920
Net wages	54,453	54,453	54,453
PAYE/NI	28,833	28,833	28,833
Other Payroll Deductions/benefits	8,536	8,536	8,536
Security	1,247	1,247	1,247
Agents / Valuers Fees	2400	2400	2400
Legal Fees	51,723	51,723	40,023
Re-Direction of Mail	422	422	422
Statutory Advertising	147	147	147
Insurance of Assets	11,850	11,850	11,850
Bank charges	15	15	15
Total	197,223	197,223	180,251

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the joint administrators' receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table above.

Sub-contracted out work

During the Period we have sub-contracted out the following work that could otherwise have been carried out by us or our team:

Sub-contractor	Work sub-contracted out	Reason(s) for sub-contracting out	Cost incurred (£)
ERA Solutions Limited	• Employment rights advice	• Specialised nature of work	2,400

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	• Tax work/advice (narrative is included within the above narrative of work done) • Pensions work/advice (narrative is included within the above narrative of work done)	• Costs are included within the above S1P9 time cost analysis

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the joint administrators' fee basis, or who provide services to us as joint administrators, which may give rise to a potential conflict.

Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website:
<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request

C Statutory information

Company Information

Company name	Metalysis Limited
Date of incorporation	15 October 2001
Company registration number	04304849
Former trading address	Unit 4, R-Evolution@Theamp Brindley Way Rotherham South Yorkshire S60 5FS
Present registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Court, 3439 of 2019
Appointor	the directors
Date of appointment	3 June 2019
Joint Administrators' names	Eddie Williams Christopher J Petts
Joint Administrators' address	Colmore Building, Colmore Circus, Birmingham, B4 6AT Rotterdam House, 116 Quayside, Newcastle-Upon-Tyne, NE1 3DY
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Estimated values of the Net Property and Prescribed Part	The company's Net Property is estimated to be nil, so there will be no prescribed part distribution
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	2 June 2020

D Notice about this report

This report has been prepared by Eddie Williams, the joint administrator of Metalysis Limited – in administration, solely to comply with the joint administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

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

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

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person.

Please note that Christopher J Petts is authorised by the Insolvency Practitioners Association and I am authorised by The Institute of Chartered Accountants in England and Wales to act as insolvency practitioners.

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents for the Company and contract without personal liability. The appointment of the joint administrators are personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the joint administrators' and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

