

Micro-Metalsmiths Limited - in Creditors' Voluntary Liquidation (formerly in Administration)

Final Report to Creditors

Pursuant to Section 106 of the Insolvency Act 1986 and Rule
6.28 of the Insolvency Rules 2016

29 April 2022

Ernst & Young LLP



Building a better
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Abbreviations

The following abbreviations are used in this report:

Barclays	Barclays Bank plc
the Company or Metalsmiths	Micro-Metalsmiths Limited
Lloyds	Lloyds Banking Group
Phynova	Phynova Group Limited
PPF	Pension Protection Fund
RPS	Redundancy Payments Service
SIP	Statement of Insolvency Practice
The Act	The Insolvency Act 1986
The Joint Liquidators	R H Kelly & C G J King
The Rules	The Insolvency Rules 2016
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

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1. Introduction

R H Kelly and C G J King were appointed Joint Liquidators of the Company on 21 October 2015 following the end of the Administration. In accordance with Section 106 of the Insolvency Act 1986 and Rule 6.28 of the Insolvency (England and Wales) Rules 2016, we are now in a position to provide you with a copy of our final account and formal notice that the Company's affairs are fully wound up.

Our appointment was made by the creditors pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986 and Rule 2.117 of the Insolvency Rules 1986, in accordance with the Joint Administrators' Proposals dated 25 June 2014.

This report covers the period from 21 October 2021 to 28 April 2022 and includes formal notice of completion of the winding up (see Appendix E).

A copy of our receipts and payments account for the period from 21 October 2015 to 28 April 2022 is attached at Appendix A.

2. Progress of the Liquidation

2.1 Asset realisations

The main asset received during the Liquidation was £504,632, being the surplus transferred from the Administration of the Company. In addition, the following assets were realised during the course of the liquidation. Further details in respect of these asset realisations can be found in the annual progress reports.

2.1.1 Minority Interest in Phynova

Phynova is a private limited life sciences business based in the UK and on appointment the Company owned c.4% of Phynova's ordinary share capital.

With the support of Phynova management, we offered the shares to all current shareholders on a pro-rata basis resulting in receipts totalling £166,106 in August 2020.

2.1.2 Rental Income

Sylatech Limited rented the Company's properties prior to purchasing them (see below).

There was a balance for rent of £20,314 remaining to be paid at the date of liquidation, which was collected during the liquidation.

2.1.3 Deferred Consideration

As previously reported, on 2 May 2014 the business and certain assets of the Company were sold previously by the Company when it was in Administration to Sylatech Limited for total consideration of £620,000 (£380,000 was paid on completion and the remaining balance of £240,000 was deferred and paid over a 15 month period).

There was £7,500 remaining to be paid at the date of liquidation, which was collected during the liquidation.

2.1.4 Property refund

The Company's lawyers were holding £3,646 in their client account relating to an undertaking on a property transaction which was transferred back to the Company during the liquidation.

2.1.5 Bank Interest

Bank interest totalling £1,972 was received during the liquidation.

3. Outcome for creditors

3.1 Secured Creditors

3.1.1 Barclays Bank plc

Barclays have received a total distribution of c£0.9m under their fixed charges on the properties leaving a shortfall of c£0.05m. Barclays claimed as an unsecured creditor for this balance.

3.1.2 Lloyds Banking Group

Lloyds provided a confidential invoice discounting facility to the Company prior to our appointment and held fixed charge security over the debts.

As previously reported, the Company's liability to Lloyds was extinguished from the collection of these debts.

3.2 Preferential Creditors

As part of the sale of the business, all of Company's employees and their associated liabilities transferred to the Purchaser under the TUPE regulations.

There were no preferential claims in the Liquidation.

3.3 Non-preferential Creditors

On 13 December 2016 an interim distribution of 3p in the £ was declared and subsequently paid on 10 February 2017. The total amount distributed was £297,987.

On 3 December 2021, the Joint Liquidators notified creditors of the intention to declare and pay a second and final dividend in the liquidation. The final date of proving non-preferential claims was set on 10 January 2022.

Total claims admitted for dividend were c.£9.9m

A second and final dividend to non-preferential creditors of 2.97p in the £ was paid on 26 January 2022. The total amount distributed was £294,643.

3.4 The Prescribed Part

No lender has a floating charge over the Company's assets. Therefore, the Prescribed Part pursuant to section 176A of the Insolvency Act 1986 did not apply to the liquidation.

3.5 Notice of no further dividend

There will be no further dividend in respect of non-preferential claims in this liquidation. Formal notice is provided at Appendix D.

4. Liquidators' remuneration and disbursements

4.1 Basis of the Joint Liquidators' remuneration

The Joint Liquidators' remuneration was approved by a resolution of the creditors of the Company on 6 April 2016 and by a further resolution on 19 January 2022.

4.1.1 Time cost fee

The Joint Liquidators' remuneration for statutory work, agreeing creditors' claims and distributing assets to creditors was set on the time properly spent by them and their staff at the rates set out in Appendix C subject to a 20% discount and a limit of £60,000.

Total time costs incurred in the liquidation to 8 April 2022 (excluding time related to the realisation of the Phynova shares categorised as 'Other assets') are £144,572.

At Appendix B to this report there is an analysis of the time spent, an explanation of the work done and a comparison with the fee estimate dated 6 April 2016.

The Joint Liquidators have drawn fees totalling £60,000 in accordance with the above limit.

4.1.2 Realisation fee on Phynova shares

The Joint Liquidators' remuneration for realising the Company's shareholding in Phynova Limited was set at the following percentage of the amount realised:

- 10% of realisations up to £50,000; plus
- 15% of realisations between £50,001 and £100,000; plus
- 20% of realisations between £100,001 and £150,000; plus
- 40% of realisations of £150,001 and above.

As a result of net proceeds of £166,106 for the Phynova shareholding, the Joint Liquidators have drawn fees of £28,943 in accordance with the above limit.

4.1.3 Fixed fee

On 3 December 2021, the Joint Liquidators wrote to the creditors of the Company requesting permission to draw an additional fixed fee of £1,300 to cover additional time incurred due to the delays at HMRC which the Joint Liquidators were unable to recover under the previously agreed fee structure.

The resolution was approved by the creditors of the Company on 10 January 2022 and, subsequently, the Joint Liquidators have drawn an additional fee of £1,300 in accordance with the resolution.

4.2 Summaries of time spent and expenses incurred

Set out at Appendix B is an analysis of the time spent and comparison with the fee estimate as required by Statement of Insolvency Practice No.9.

A summary of the expenses incurred is included at Appendix C

The fees paid to the above are included in the receipts and payments account at Appendix A.

4.3 Creditors' right to request further information about, and challenge, remuneration and expenses

The statutory provisions relating to remuneration are set out in Chapter 4 of Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Liquidators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Liquidators.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Liquidators' Fees' referred to above.

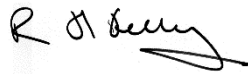
5. Outcome of the Liquidation

As there are no further assets to be realised or distributions to be made the Company will move from liquidation to dissolution. The Joint Liquidators will vacate office on delivering to the Registrar of Companies the final account and the Company will be dissolved approximately three months later.

Formal notice of this, the final account prior to dissolution, is provided at Appendix E.

Should you wish to discuss any aspect of this report, please do not hesitate to contact John Loudon on 0113 298 2315.

Yours faithfully
For the Company



R H Kelly
Joint Liquidator

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland and Charles Graham John King is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The Joint Liquidators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A Joint Liquidators' abstract of receipts and payments from 21 October 2015 to 28 April 2022

Statement of Affairs - Estimated to realise values £		From 21 October 2015 to 20 October 2021 £	From 21 October 2021 to 28 April 2022 £	Total £
RECEIPTS				
n/a	Administration surplus	504,632	-	504,632
n/a	Investments	166,106	-	166,106
n/a	Rental income	20,314	-	20,314
n/a	Deferred consideration	7,500	-	7,500
	Property refund	3,646	-	3,646
	Bank interest	1,972	-	1,972
	Total Receipts	704,170	-	704,170
PAYMENTS				
	Liquidators' fees	(88,943)	(1,300)	(90,243)
	Liquidators' disbursements	-	(1,400)	(1,400)
	Corporation tax	(15,393)	-	(15,393)
	Legal fees	(3,927)	-	(3,927)
	Public Notices	(264)	(100)	(364)
	Storage	(155)	-	(155)
	Bank charges	(3)	(56)	(59)
	Distribution to unsecured creditors	(297,987)	(294,643)	(592,630)
	Total Payments	(406,671)	(297,499)	(704,170)
	Net Receipts / (Payments)	297,499	(297,499)	-
Represented by:				
	Cash at Bank	297,499	(297,499)	-
	Balances in Hand	297,499	(297,499)	-

Notes:

- Balances are stated net of VAT

Appendix B Summary of Joint Liquidators' time-costs from 21 October 2015 to 28 April 2022 and a comparison with the fee estimate dated 6 April 2016

Micro Metalsmiths Limited - in Creditors' Voluntary Liquidation
 Summary of Joint Liquidators' time-costs for the period from 21 October 2021 to 28 April 2022
 (and cumulative to date)

	Partner	Associate Partner	Assistant Director	Manager	Executive	Assistants and Support	Total hours for the period	Total time cost for the period (£)	Average hourly rate for the period (£)	Cumulative time cost to date (£)
Accounting and administration	-	-	-	7.0	18.0	-	25.0	11,105	444	47,292
Bank and statutory reporting	0.5	0.6	-	3.0	-	-	4.1	2,735	667	19,478
Creditors	-	1.3	-	7.0	-	4.0	12.3	5,990	487	30,205
Investigations	-	-	-	-	-	-	-	-	-	557
Legal issues	-	-	-	-	-	-	-	-	-	238
Other assets	-	-	-	-	-	-	-	-	-	39,669
Property	-	-	-	-	-	-	-	-	-	1,530
Statutory duties	-	-	-	3.0	-	-	3.0	1,635	545	9,831
VAT and Taxation	-	-	-	-	-	-	-	-	-	35,442
Total hours for the period	0.5	1.9	-	20.0	18.0	4.0	44.4			
Time costs for the period (£)	530	1,805	-	10,900	7,290	940		21,465		
Average hourly rate for the period (£)	1060	950	-	545	405	235			483	
Cumulative time cost to date (£)	11,707	1,805	25,551	62,037	65,426	17,715				184,241

Note: time is recorded in six minute intervals

Comparison with the fee estimate dated 6 April 2016

	Per fee estimate dated 6 April 2016			Actual to 28 April 2022		
	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £
Accounting and administration	40.0	12,276	307	141.8	47,292	334
Bank and statutory reporting	29.0	9,921	342	42.5	19,478	458
Creditors	75.0	24,138	322	76.7	30,205	394
Investigations	2.1	557	265	2.1	557	265
Legal issues	8.0	4,369	546	0.5	238	476
Other assets	-	-	-	77.3	39,669	513
Property	-	-	-	2.5	1,530	612
Statutory duties	46.5	15,692	337	24.3	9,831	405
VAT and Taxation	30.0	10,319	344	119.1	35,442	298
Total	230.6	77,273	335	486.8	184,241	379

Note: The fee estimate does not include any estimated time costs relating to the realisation of the Phynova shares. The Joint Liquidators' fee for this asset realisation was set at a percentage of the amount realised. The hours detailed for this work (as 'Other assets') are therefore for reference only.

Explanation of the work done

- **Accounting and administration (141.8 hours)** - maintaining the Liquidators' accounting records and making distributions (2) to creditors.
- **Bank and statutory reporting (42.5 hours)** - annual statutory reports to creditors, including the Joint Liquidators annual reports.
- **Creditors (76.7 hours)** - dealing with all unsecured creditor queries, agreeing claims, and preparing the documentation for making the distributions (2) to creditors. This included additional time incurred due to the postponement of the second dividend in December 2020.
- **Investigations (2.1 hours)** - time spent completing the Liquidators' investigations into directors conduct and reporting requirements.
- **Legal issues (0.5 hours)** - dealing with legal issues arising in the liquidation.
- **Other assets (77.3 hours)** - time spent realising value from the Phynova shares (see note above and sections 2.1.1 and 4.1.2 of this report).
- **Property (2.5 hours)** - dealing with residual property matters, including rental income and the property refund.
- **Statutory duties (24.3 hours)** - completing those tasks required by statute including but not limited to advertising (e.g. Notice of Intended Dividend), case reviews, and notifications upon appointment.
- **VAT and taxation (119.1 hours)** - work undertaken to settle VAT and corporation tax liabilities during the liquidation and obtain clearance to close the liquidation from HMRC.

Appendix C Summary of Joint Liquidators' expenses incurred

Type of expense	Per fee estimate dated 6 April 2016	Paid as at 20 October 2021	Paid in Period	Outstanding	Total
Payments made from the estate which are not disbursements - all Category 1 (Please refer to notes 1-3 at the end of this table for definitions)					
Corporation tax	11,900	15,393	-	-	15,393
Legal fees	5,545	3,927	-	-	3,927
Storage costs	1,000	155	-	-	155
Public notices / advertising	335	264	100	-	364
Bank charges	-	3	56	-	59
Total	18,780	19,741	156	-	19,897
Category 1 disbursements (see notes 2 and 3)					
Post and printing	750	-	1,344	-	1,344
Total	750	-	1,344	-	1,344
Category 2 disbursements (see notes 2 and 3)					
Mileage	-	-	57	-	57
Total	-	-	57	-	57
Total	19,530	19,741	1,557	-	21,297

Notes

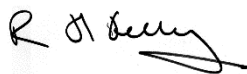
- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder.
 - Category 2 expenses are payments to associates or which have an element of shared costs.
- 3 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2

Appendix D Notice of no further dividend in winding up - Rules 14.36 and 14.37, Insolvency (England and Wales) Rules 2016

Registered name of the Company:	Micro- Metalsmiths Limited
Registered Office Address:	c/o Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered Number:	00786649
Country of incorporation	United Kingdom
Date of appointment of the Joint Liquidators	21 October 2015
Details of any changes of liquidator	None
Full names of the Liquidators	Robert Hunter Kelly and Charles Graham John King
Office holder numbers	8582 and 8985
Liquidators' address	Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Telephone number	0113 298 2315
Name of alternative person to contact with enquiries about the case	John Louden

Notice is hereby given pursuant to Rules 14.36 and 14.37 of the Insolvency (England and Wales) Rules 2016, that no further dividend will be declared in respect of non preferential claims in this liquidation for the reason that the funds realised have already been distributed or used or allocated for paying the expenses of the liquidation.

Dated 29 April 2022



R H Kelly
Joint Liquidator

Appendix E Final account prior to dissolution - notice to creditors under Rule 6.28 of the Insolvency (England and Wales) Rules 2016

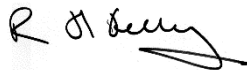
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Telephone number	0113 298 2315
Name of alternative person to contact with enquiries about the case	John Louden

We give notice of the following, in accordance with Rule 6.28:

- (a) The Company's affairs are fully wound up.
- (b) Creditors have the right to request from the Joint Liquidators information about their remuneration and expenses under Rule 18.9 of the Insolvency (England and Wales) Rules 2016.
- (c) Creditors have the right to challenge the Joint Liquidators' remuneration and expenses under Rule 18.34.
- (d) A creditor may object to the release of the liquidators by giving notice in writing to the liquidator before the end of the prescribed period.
- (e) The prescribed period is the period ending at the later of:
 - a. Eight weeks after delivery of the notice; or
 - b. If any request for information under Rule 18.9 or any application to court under that Rule or Rule 18.34 is made when that request or application is finally determined.

- (f) That the Joint Liquidators will vacate office under s.171 on delivering to the Registrar of Companies the final account and notice saying whether any creditor has objected to release; and
- (g) That the Joint Liquidators will be released under s.173(b) at the same time as vacating office unless any of the Company's creditors objected to the Joint Liquidators' release

Dated 29 April 2022

A handwritten signature in black ink, appearing to read 'R H Kelly', with a stylized flourish at the end.

R H Kelly
Joint Liquidator