

Liquidators' Progress Report**Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986****S.192**

To the Registrar of Companies

Company Number

00061050

Name of Company

(a) Insert full name of
company

(a) Manganese Bronze Holdings plc /

(b) Insert full name(s)
and address(es)

We (b) David Matthew Hammond of PricewaterhouseCoopers LLP,
One Kingsway, Cardiff, CF10 3PW, Anthony Steven Barrell of
PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street,
Birmingham, B3 2DT, Michael John Andrew Jervis and Ian David
Green of PricewaterhouseCoopers LLP, 7 More London, Riverside,
London, SE1 2RT

the liquidators of the company attach a copy of our Progress Report
under section 192 of the Insolvency Act 1986.

The Progress Report covers the period from 30 October 2014
to 29 October 2015.

Signed

Date 17.2.15

Presenter's name, Rebecca Charlesworth, PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds,
LS1 4JP
address and RC/MG/20151207/MBH/CVL033
reference
(if any)

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COMPANIES HOUSE

COVT (Realisations) Limited and Manganese Bronze Holdings plc – both in Creditors' Voluntary Liquidation ("the Companies")

Report to members & creditors

In accordance with Rule 4 49C of the Insolvency Rules 1986 ("IR86"), this is the joint liquidators' ("the Liquidators") second annual progress report to members and all known creditors. This report should be read alongside the liquidators' previous progress report dated 22 December 2014. Attached at Appendix A is a summary of the financial information relating to the Liquidations.

Asset realisations

COVT (Realisations) Limited ("COVT")

As detailed in our previous report, a balance of £3,031,383 was transferred over to the Liquidators' account from the previous administration. This included third party funds which have now been repaid. During the first year of the Liquidation, £2 million of the proceeds of the sale of business which occurred during the administration were released from escrow to the Liquidators and additional book debts of £15,814 were collected.

During the period of this report, refunds totalling £22,903 have been received. This sum relates to pre administration rates and utility refunds and monies received from the purchaser of the business of COVT in relation to refunding the Administrators' timecosts in processing payments on its behalf.

Interest of £11,394 has also been received in this period, of which £2,850 has been released from solicitors in relation to retention monies that were detailed in the Liquidators' previous report. In addition £1,486 held in COVT's solicitors' client account was released to the Liquidators.

COVT has a claim in the liquidation of COVTS (Realisations) Limited ("COVTS"), which is a group company. It is anticipated that a dividend will be received from this company when it is in funds, the timing of which is uncertain.

In addition it is anticipated that COVT will receive a significant marshalling payment from Manganese Bronze Holdings plc due to a payment made during the liquidation in relation to the group debt.

Manganese Bronze Holdings plc ("MBH")

As detailed in our previous report, the majority of MBH's assets were realised in the previous administration. A balance of £11,287 was transferred over to the Liquidators' account from the administration, of which £540 related to third party funds which have now been repaid. In addition, MBH has received a loan from a group company which will be repaid in due course.

During the period of this report, interest of £60 has been received.

In the Liquidators' previous report, we were considering whether additional recoveries would be obtainable in respect of a claim for compound interest on a historic VAT claim. Following a review of the position by our specialist VAT department, we have concluded that it is not cost effective to pursue the claim given its complexity and uncertainty.

MBH has claims in the liquidations of COVT and COVTP (Realisations) Limited ("COVTP"), which are group companies. It is anticipated that significant dividends will be received in relation to these claims.

At the time of the Liquidators' appointment, MBH was the ultimate shareholder of COVTP via dormant intermediate subsidiary companies. As the liquidation of COVTP is anticipated to produce a return to shareholders, the Liquidators have taken steps to ensure these shareholder funds will be available to MBH. This involved placing the intermediate companies into members' voluntary

liquidation ("MVL"), a process which has been completed and MBH is now the direct shareholder of COVTP via a distribution in specie

Outcome for creditors

- **Secured creditors**

Lloyds UDT Limited ("Lloyds") provided a stocking loan facility to COVT in respect of new vehicles, which was secured on the vehicles within finished goods. The value of the stocking loan at the date of the former Administrators' appointment was £14 million and Lloyds took possession of the vehicles subject to the stocking loan in order to use the sale proceeds to reduce the loan. It is anticipated that the Lloyds will suffer a shortfall on its lending.

At the time of the Administrators' appointment MBH had an overdraft of £2.528 million and COVT had a potential liability of £890k in relation to guarantees with HSBC Bank plc ("HSBC"). HSBC held a debenture dated 20 January 2009 containing fixed and floating charges over the assets of MBH. In addition, the Bank holds a unilateral guarantee from other companies within the group (COVT, MBH, COVTP and COVTS).

Under the banking arrangements and fixed charge, HSBC's debt has been repaid from the assets of COVTS, COVT and COVTP, whilst the primary debtors were MBH and COVT. As such, a marshalling calculation was undertaken to ensure that ultimately each company bears the appropriate debt.

No further payments in respect of marshalling have been made in the period of this report but further marshalling payments will be made by MBH following receipts from the inter-company dividends.

MBH is a secured creditor of COVT by virtue of a charge over the assets of MBH dated 19 September 1983. However, this charge can not take effect until Lloyds has been paid in full and therefore it is not anticipated to impact the outcome to the unsecured creditors.

- **Preferential creditors**

Preferential claims are arrears of wages up to £800 and holiday pay. A distribution of 100 pence in the pound was made to the preferential creditors of COVT on 9 October 2014.

There are no preferential creditors for MBH.

- **Unsecured creditors**

We currently estimate that there will be sufficient funds to enable a small distribution to the unsecured creditors of each of the Companies. In respect of MBH, it is anticipated that the distribution will be up to 5p in the £. In respect of COVT, we estimate that the dividend will be up to 7p in the £.

The Liquidators are currently awaiting payment in relation to a material asset into the group company, COVTS. Once the position regarding this realisation has been clarified the Liquidators' anticipate being able to give notice of their intention to pay a dividend to the unsecured creditors of the Companies shortly thereafter.

Any creditors who have not yet submitted their unsecured claims should do so using the claim form which can be found on <http://www.pwc.co.uk/mbh>

Professional advisers

On these assignments the Liquidators have used the professional advisers listed below.

Company Instructing	Name of Professional Adviser	Nature of Work	Basis of Fee Arrangement	Costs paid in the period of this report (£)
COVT	Wragge Lawrence Graham & Co LLP	Legal advice and advice in respect of book debt collections	Work in respect of book debt collection is billed on a % of realisations All other legal advice is billed on a time cost basis	Nil
COVT	Numerus Payroll Services	Payroll bureau fee for preferential creditors' distribution	Time cost basis	Nil
MBH	Mark Devin CoSec Limited	Services provided in relation to the winding up of subsidiaries	Time cost basis	Nil
MBH	Wragge Lawrence Graham & Co LLP	Legal advice	Time cost basis	Nil

The Liquidators' choice was based upon their perception of the advisers' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them. The Liquidators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

Liquidators' remuneration

During the previous administrations, the former Administrators' fees were fixed under Rule 2.106 IR86 by reference to time properly given by the Administrators and their staff in attending to matters arising. The former Administrators' fees were approved on a time costs basis by the general body of creditors in respect of MBH, following a meeting held on 19 December 2012 and by the creditors' committee in respect of COVT. In accordance with Rule 4.127 IR86, the remuneration basis agreed in the Administrations continues in the Liquidation.

To 29 October 2015, the Liquidators have incurred time costs of £310,175 in respect of COVT and £117,335 in respect of MBH, not including MVL costs. This represents 1,244 and 484 hours respectively at an average hourly rate of £249 and £242.

It has been the Liquidators' policy to delegate the routine administration of the Liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidators.

Details of the time costs incurred from 30 October 2014 to 29 October 2015, by work category, are attached at Appendix B, together with a narrative of work undertaken. Fees of £129,440 have been drawn in COVT and no fees have been drawn to date in respect of MBH in this period. The balances will be drawn in due course together with the balance of unpaid fees in respect of the previous Administration of MBH.

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. After the Liquidators' last progress report, the charge out rates were increased on 1 July 2015. Full details of the charge out rates charged to this case from this date are included at Appendix B. Specialist departments within PricewaterhouseCoopers LLP, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the Liquidators require their expert advice. Their rates vary, however, the figures given provide an indication of the maximum rate per hour.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time chargeable is three minutes (i.e. 0.5 units).

Liquidators' disbursements

Category 1 disbursements – recharged at cost

The Liquidators' have incurred Category 1 disbursements of £61 in respect of COVT and £26 in respect of MBH during the period 30 October 2014 to 29 October 2015. To date nothing has been drawn in this respect.

Category 2 disbursements

The Liquidators' current disbursements policy, as approved by the creditors, is as follows

1. Photocopying for circulars or any other bulk copying is charged at 5p per sheet,
2. Mileage – this is reimbursed at a maximum of 71p per mile (up to 2,000cc) and 93p per mile (over 2,000cc)

During the period 30 October 2014 to 29 October 2015, the Liquidators have not recorded any costs in respect of photocopying or mileage for both COVT and MBH.

Statement of expenses

The following expenses have been incurred during the period of the report, irrespective of whether payment has been made:

Category	COVT amount incurred in the period 30 October 2014 to 29 October 2015 (£)	MBH amount incurred in the period 30 October 2014 to 29 October 2015 (£)
Bank charges	52 50	-
Legal fees & expenses*	2,232 00	909 50
Office holder fees	143,265 88	59,361.48
Office holder expenses	61 00	25.82
Storage costs	801 93	-
MVL office holder fees**	-	34,936 25
Total	146,413.31	95,233.05

* This information has been provided the lawyers is awaiting verification

** The MVL costs above include time costs from the previous period which were not disclosed in our previous report

The statement excludes any potential tax liabilities that may be payable as an expense of the liquidation in due course because amounts due will depend on the tax calculations which have not yet been finalised for the period

Additional information

If you require more detail on anything in this report, please contact Rebecca Charlesworth. Any request for further information about the Liquidators' remuneration or disbursements should be made in writing (Rule 4.49E IR1986), in addition, should you consider the Liquidators' remuneration and disbursements to be excessive or inappropriate, you have the right to challenge the amounts in accordance with Rule 4 131 IR86.

A copy of Statement of Insolvency Practice 9, appendix C, "A creditors' guide to Liquidators' fees", is available on the ICAEW website You can also get a copy free of charge by contacting Rebecca Charlesworth on 0113 289 4612

COVT (Realisations) Limited - in creditors' voluntary liquidation
Receipts and payments account for the period 30 October 2013 to 29 October 2015

	30 October 2013 to 29 October 2014 £	30 October 2014 to 29 October 2015 £	30 October 2013 to 29 October 2015 £
Receipts			
Book debts	15,813 96	-	15,813 96
Funds from previous Administration	3,031,382 94	-	3,031,382 94
Funds held by lawyers	-	1,486 38	1,486 38
Interest	15,548 16	11,393 63	26,941 79
Monies received in respect of loan made to a group company in prior Administration	540 24	-	540 24
Post appointment trading receipts from prior Administration	3,396 07	-	3 396 07
Release of retention monies from sale of business	2,000,000 00	-	2,000,000 00
VAT refund from prior Administration period	61,634 18	-	61,634 18
Sundry debts and refunds	-	22,903 02	22,903 02
	<u>5,128,315 55</u>	<u>35783 03</u>	<u>5,164,098 58</u>
Payments			
Bank charges	(49 66)	(52 50)	(102 16)
Corporation tax	(1,218 93)	(3,333 37)	(4,552 30)
Legal fees	(30,377 96)	(0 01)	(30,377 97)
Marshalling payments	(859,135 81)	-	(859,135 81)
Motor and travel	(90 00)	-	(90 00)
Preferential creditors	(114,692 55)	(150 96)	(114,843 51)
Prior appointee expenses	(5,909 66)	-	(5,909 66)
Prior appointee fees	(236,675 35)	-	(236,675 35)
Payroll services	(395 00)	-	(395 00)
Statutory advertising	(40 20)	-	(40 20)
Storage costs	(1,360 18)	(801 93)	(2,162 11)
Third party funds	(226 43)	(9,117 73)	(9,344 16)
Office Holders expenses	-	(447 73)	(447 73)
Office Holders Fees	-	(129,439 59)	(129,439 59)
	<u>(1,250,171 73)</u>	<u>(143,343 82)</u>	<u>(1,393,515 55)</u>
VAT control account	<u>(20,088 05)</u>	<u>21,049 26</u>	<u>3,961 21</u>
Balance held in interest bearing account at Barclays plc	<u>3,858,055 77</u>	<u>(83,511 53)</u>	<u>3,774,544 24</u>

Manganese Bronze Holdings Plc - in creditors' voluntary liquidation
Receipts and payments account for the period 30 October 2014 to 29 October 2015

	30 October 2013 to 29 October 2014 £	30 October 2014 to 29 October 2015 £	30 October 2013 to 29 October 2015 £
Receipts			
Funds from previous Administrators	11,287 04	-	11,287 04
Interest	42 13	59 68	101 81
Loans and Advances	32,384 40	-	32,384 40
Third Party Funds	27,717 52	-	27,717 52
VAT refund for previous Administration period	1,231 20	-	1,231 20
	<u>72,662 29</u>	<u>59 68</u>	<u>72,721 97</u>
Payments			
Legal Fees	(645 70)	-	(645 70)
Office holders' fees	(28,987 00)	-	(28,987 00)
Return of third party monies paid over by the Administrators	(540 24)	-	(540 24)
Statutory advertising	(50 25)	-	(50 25)
Third party funds	-	(27,717 52)	(27,717 52)
	<u>(30,223 19)</u>	<u>(27,717 52)</u>	<u>(57,940 71)</u>
VAT control account	<u>(5,797 40)</u>	<u>5,797 40</u>	-
Balance held in interest bearing account at Barclays plc	<u><u>36,641 70</u></u>	<u><u>(21,860 44)</u></u>	<u><u>14,781 26</u></u>

COVT (Realisations) Limited - in creditors' voluntary liquidation

Analysis of time costs for the period from 30 October 2014 to 29 October 2015

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Trading	-	-	-	0 50	-	1 90	-	2 40	472 50	196 88
2 Assets	-	-	2 00	2 00	1 65	-	-	5 65	1,914 25	338 81
3 Creditors	-	0 50	14 30	64 95	205 00	179 70	-	464 45	95,584 00	205 80
4 Accounting and treasury	-	-	0 90	4 00	11 70	12 90	-	29 50	6,497 00	220 24
5 Statutory and compliance	0 10	6 50	4 90	18 40	34 05	1 40	1 20	66 55	20,163 65	302 98
6 Tax & VAT	-	0 30	1 90	5 65	38 90	1 45	-	48 20	15,334 00	318 13
7 Employees & pensions	-	-	-	1 65	0 55	-	-	2 20	668 50	303 86
8 Closure procedures	-	-	-	-	0 60	-	-	0 60	150 00	250 00
Total for the period	0 10	7 30	24 00	97 15	292 45	197 35	1 20	619 55	140,783 90	227 24
Brought forward at 29 October 2014								624 45	169,391 39	271 26
Total								1,244 00	310,175 29	249 34
- insolvency rates from 1 July 2014 (£)	575	480	415	330	250	160	85			
- insolvency rates from 1 July 2015 (£)	590	490	425	340	255	165	87			
- specialist maximum (£)	1180	1095	1010	630	465	225	130			

Manganese Bronze Holdings plc - in creditors' voluntary liquidation

Analysis of time costs for the period from 30 October 2014 to 29 October 2015

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Assets	-	-	-	0.35	17.70	0.70	-	18.75	4,652.50	248.13
2 Creditors	-	-	0.60	3.30	20.50	50.35	28.60	103.35	16,095.75	155.74
3 Accounting and treasury	-	-	0.20	1.80	3.90	8.05	-	13.95	2,948.00	211.33
4 Statutory and compliance	0.55	0.50	1.90	8.80	18.50	1.70	10.94	42.89	10,113.23	235.79
5 Tax & VAT	-	0.20	8.40	4.60	39.60	26.35	-	79.15	23,624.50	298.48
6 Employees & pensions	-	-	-	0.25	3.50	-	-	3.75	1,352.50	360.67
7 Closure procedures	-	-	-	-	2.30	-	-	2.30	575.00	250.00
Total for the period	0.55	0.70	11.10	19.10	106.00	87.15	39.54	264.14	59,361.48	224.73
Brought forward at 29 Oct 2014								220.18	57,974.00	263.30
Total								484.32	117,335.48	242.27

- insolvency rates from 1 July 2014 (£)

- insolvency rates from 1 July 2015 (£)

- specialist maximum (£)

85

87

130

160

165

225

250

255

465

330

340

630

415

425

1010

480

490

1095

575

590

1180

COVT (Realisations) Limited – in creditors' voluntary liquidation

Narrative of key areas of work undertaken in the period 30 October 2014 to 29 October 2015.

Assets

- Collection of refunds in relation to rates and client account funds
- Review of book debt collection position and potential bad debt relief claim
- Reviewing position re vehicles not delivered to purchaser of business
- Liaison regarding funds due from purchaser of the business

Creditors

- Reviewing unsecured creditor claims and adjudicating on / requesting further information in respect of unsecured creditor claims
- In depth review of complex creditor claims
- Internal discussions regarding creditor claims agreement process
- Dealing with numerous creditor queries and correspondence
- Dealing with preferential creditors following receipt of dividend cheques, reissuing various cheques.
- Preparation, attendance and minutes in relation to meetings with the creditors' committee
- Preparation of documentation in relation to change of committee member

Accounting and treasury

- Processing and recording receipts, payments and journals
- Reconciliation of bank accounts

Statutory and compliance

- Preparing and reviewing the Liquidators' progress report and associated documentation
- Circulating the Liquidators' progress report and uploading to website
- Maintaining case files and records
- Manager reviews of case progression
- Updating marshalling and outcome statements
- Updating and review of internal accounting systems, databases and time recording facilities

Tax & VAT

- Liaising with tax and VAT teams and provision of information for completion of computations and returns
- Preparation and review of VAT returns
- Review of compound interest claim
- Review bad debt claim position
- Responding to HMRC correspondence

Manganese Bronze Holdings plc – in creditors' voluntary liquidation

Narrative of major areas of work undertaken in the period 30 October 2014 to 29 October 2015

Assets

- Liaison regarding and review of funds to be received from group companies
- Dealing with pre appointment insurance claims
- Review of correspondence from a potential debtor and determining whether MBH is owed any monies.

Creditors

- Reviewing unsecured creditor claims and adjudicating on / requesting further information in respect of unsecured creditor claims
- In depth review of more complex creditor claims.
- Dealing with a number of shareholder queries and correspondence
- Responding to creditor enquiries

Accounting and treasury

- Processing and recording receipts, payments and journals
- Reconciliation of bank account.

Statutory and compliance

- Preparing and reviewing the Liquidators' progress report and associated documentation
- Circulating the Liquidators' progress report and uploading to website
- Maintaining case files and records
- Manager reviews of case progression.
- Updating and review of internal accounting systems, databases and time recording facilities.

Tax & VAT

- Liaising with tax and VAT teams and provision of information for completion of computations and returns
- Preparation and review of VAT returns
- Liaising with Manganese Bronze Group Pension Scheme in relation to their VAT invoices which are included in the MBH VAT return and accounting to them for refunds received
- Responding to HMRC queries
- Review of potential compound interest claim
- Review of group relief matrix

Employees and pensions

- Liaising with the internal pension team regarding transfer of the pension scheme to the Pension Protection Fund
- Employee specialist updates to the team in relation to director claims
- Liaison with the Redundancy Payments Service regarding the pension claim