

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A20 *A6JFT689* 18/11/2017 #34
COMPANIES HOUSE

1 Company details

Company number 0 2 7 6 9 7 0 5

Company name in full MEP Solutions Limited

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

2 Administrator's name

Full forename(s) Clare

Surname Boardman

3 Administrator's address

Building name/number 1 City Square

Street Leeds

Post town West Yorkshire

County/Region

Postcode L S 1 2 A L

Country

4 Administrator's name ①

Full forename(s) Adrian Peter

Surname Berry

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

5 Administrator's address ②

Building name/number 1 City Square

Street Leeds

Post town West Yorkshire

County/Region

Postcode L S 1 2 A L

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	1	d	8	m	0	m	4	y	2	y	0	y	1	y	7
To date	d	1	d	7	m	1	m	0	y	2	y	0	y	1	y	7

7 Progress report

☐ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X *Chae Zook*

X

Signature date

d	1	d	4	m	1	m	1	y	2	y	0	y	1	y	7
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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 **Hena Virdee**

Company name **Deloitte LLP**

Address **4 Brindleyplace**

Birmingham

Post town

County/Region

Postcode

B 1 2 H Z

Country

DX

Telephone **+44 121 695 5644**



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

Deloitte.

MEP Solutions Limited ("MEP") and MEP BIM Solutions Limited ("BIM") (in administration) (together "the Companies")

Progress report to creditors for the period 18 April 2017 to 17 October 2017 pursuant to Rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules").

Clare Boardman and Adrian Peter Berry ("the Joint Administrators") were appointed Joint Administrators of MEP Solutions Limited and MEP BIM Solutions Limited on 18 October 2016. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

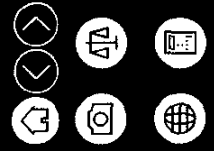
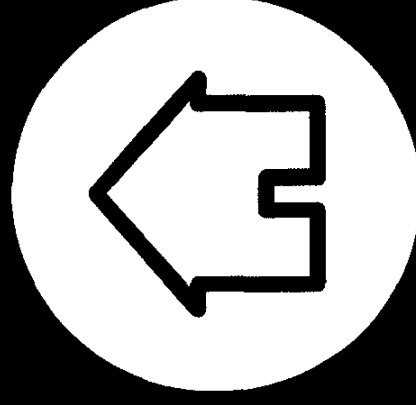
14 November 2017

MEP
Court Case No. 2957 of 2016
High Court of Justice Chancery
Division Manchester Registry
Company Number: 02769705

BIM
Court Case No. 2956 of 2016
High Court of Justice Chancery
Division Manchester Registry
Company Number: 00893305

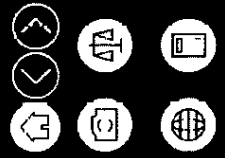
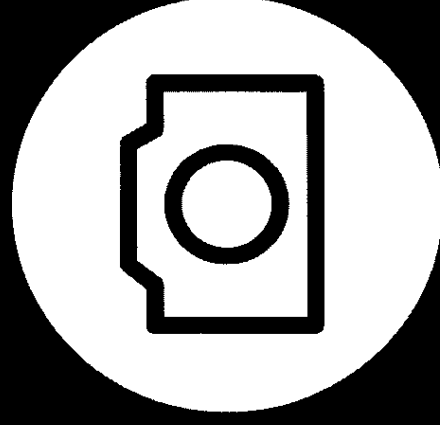
Registered Office:
c/o Deloitte LLP
1 City Square
Leeds
LS1 2AL

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	Remuneration and expenses	13





Key messages



Key messages

Joint Administrators of the Companies

Clare Boardman

Adrian Berry

c/o Deloitte LLP

1 City Square

Leeds

LS1 2AL

Contact details

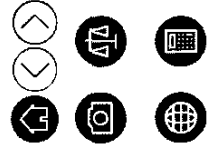
Email: hvirdee@deloitte.co.uk

Website:

www.deloitte.com/uk/mepsolutions

and mepbimsolutions

Tel: 0121 695 5644



	Commentary
Purpose of administrations	The purpose of the Administrations to achieve a better result for the Companies' creditors as a whole than a liquidation
Progress of administrations	- In the Administrations of A-Belco Limited ("A-Belco") and Opsol UK Limited ("Opsol"), book debt collections to date have been sufficient for Close Invoice Finance Limited ("CIFL") to not allocate the cash surplus within MEP of c£371k at the date of Administration against amounts owed by A-Belco and Opsol to CIFL. As a result, this cash surplus amount of £371k will be reimbursed to MEP. - We have repaid £10k to Mercury under the terms of MEP's trading agreement. We are undertaking a final reconciliation of the funding provided by Mercury as final bills are received. - We have received confirmation that a performance bond of c£41k will not be called upon by the respective former customer of MEP. - A distribution of 100p in the £ was paid to the preferential creditors in MEP, totalling c£27.5k. - Unsecured creditor claims are being agreed for a Prescribed Part ("PP") distribution by MEP. - Our fees have been fixed by the secured creditors as a set fee of £200k plus VAT in MEP and £50k plus VAT in BIM. - During the period fees of £50k have been drawn in MEP. No fees have been drawn in BIM during the period. - Disbursements of c£6k have been incurred in MEP and c£1k in BIM during the report period. Please refer to Page 15 for further details. - Third party costs of c£110k have been incurred in the report period. Please refer to Page 7 for further details.
Costs	- Finalise the book debt marshalling process between the Administrations of MEP, A-Belco and Opsol. This is not relevant for BIM given that CIFL did not fund its book debts. - Conclude the funding reconciliation with Mercury. - Make a distribution to the unsecured creditors of MEP under the PP. - Closure of the case.
Outstanding matters	- Secured creditors – CIFL has been repaid in full. We now expect that Lloyds Bank Plc's ("Lloyds") claim of c£977k will be paid in full. - Preferential creditors – We have made a distribution of 100p in the £ to preferential creditors of MEP. BIM has insufficient funds to enable a distribution. - Unsecured creditors – We expect to pay a PP dividend in MEP, there are no funds to pay a dividend in BIM.
Dividend prospects	The Administrations were extended by the secured creditors on 25 September 2017 and will end on or before 17 October 2018.



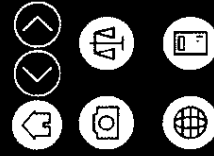
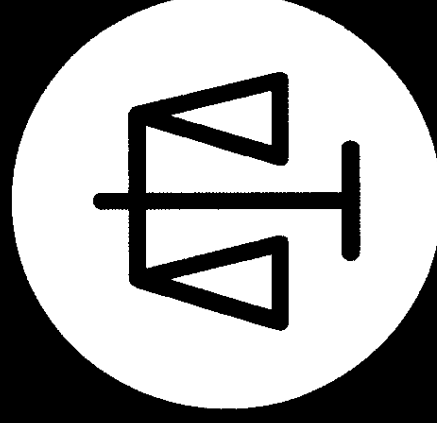
Progress of the Administrations

Summary

5

Receipts and payments

8



Progress of the Administrations Summary

MEP – Marshalling of book debt collections

£000	Un-marshalled position per the R&P	Estimated re-marshalled position
CIFL cash surplus at the date of Administration	371	371
Allocated to debts owed by Opsol and A-Belco to CIFL	(371)	-
Net cash surplus on Administration	-	371
Book debts collected	296	296
Distribution to CIFL	(126)	(160)
Net position	169	507

Progress of the administrations

Book debts

The book debt collection process in MEP and BIM are complete. We continue to collect book debts in Opsol and A-Belco.

On our appointment as Administrators, CIFL had fixed charges over the book debts of MEP, A-Belco and Opsol (all subsidiaries of A-Belco Holdings Limited, "the Group"), as well as cross guarantees covering these companies.

At the date of Administration, MEP had a cash surplus of c£371k, which was caught by CIFL's security and was allocated by CIFL to reduce amounts owed to CIFL by A-Belco and Opsol.

Book debt collections in Opsol and A-Belco have subsequently been sufficient for CIFL not to need the cash surplus in MEP.

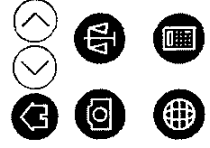
However, MEP will need to distribute to CIFL from book debt collections post Administration in order for CIFL to be repaid in full across the Group. The amount of MEP's distribution is dependent on book debt collections in A-Belco and Opsol, which are ongoing.

When book debt collections in A-Belco and Opsol are complete, the final distribution by MEP to CIFL will be known. The process of allocating book debt collections in each of MEP, A-Belco and Opsol is termed "marshalling".

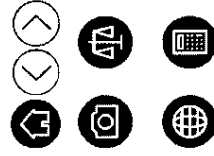
MEP's receipts and payments account ("R&P", see page 8) currently reflects the unmarshalled position being that the cash surplus of £371k is used by CIFL to reduce its debts, as well as MEP making a distribution of £126k from book debt collections. This unmarshalled position is summarised in the table opposite in the left hand column.

When the final distribution from MEP to CIFL is known, we will complete the "re-marshalling process" to reflect the actual final position and we will update MEP's R&P accordingly.

Based on book debt collections across the Group thus far and assuming no further book debt collections in A-Belco and Opsol, we have estimated the re-marshalled position in the right hand column in the table opposite. This shows that we anticipate re-marshalling will improve funds available for creditors of MEP.



Progress of the Administrations Summary



Progress of the administrations (continued)

Trading

During the period a £10k contingency paid to MEP by Mercury (a customer of MEP) was repaid. We are close to completing the final reconciliation between amount received from Mercury under the funding agreement and amounts spent. This process has been delayed by virtue of waiting for final invoices.

Other asset realisations

Other miscellaneous chattel and plant assets of MEP were sold in the period at auction for c£5k (net of auction costs). These monies were banked after 17 October 2017 and so will show in the next reporting period.

Creditors

We have been receiving MEP unsecured creditor claims which are being agreed in readiness for the PP dividend to the unsecured creditors.

We anticipate paying the MEP PP dividend when book debt collections are finalised in A-Belco and Opsol, the marshalling of book debts is complete and all final bills paid. The re-marshalling exercise will enhance the dividend to unsecured creditors of MEP. We estimate this dividend to be between 2p/£ and 3p/£.

We have made a distribution in full to the preferential creditors of MEP which totalled £27.5k.

We do not anticipate paying a preferential or unsecured dividend in BIM.

Case specific matters

A former customer that held a contract with MEP was disputing the quality of the work that has been completed. Prior to the commencement of the contract they and MEP together with the Bank agreed, 10% of the contract c£41k would be set aside under a bond in an escrow account.

In the period, we have received confirmation that this bond will not be called.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Correspondence
- Case reviews
- Cashiering functions
- Extensions of the Administrations to 17 October 2017

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Progress of the Administrations Summary

MEP costs paid 18 April 2017 to 17 October 2017

	£
Trading account	
Rates	1,994
Rent	7,870
Central / shared costs	4,473
Contractor costs	9,900
Total	24,237
R&P	
Storage Costs	38
Contribution to BIM	1,100
Administrators' Fees	50,000
Administrators' Expenses	6,623
Pre-appointment Administrators' Expenses	2,274
Agent's Fees	7,365
Legal Fees	17,992
Total	85,392
Total	109,629

Progress of the administrations (continued)
Cost of the work done during the report period - MEP

The cost and expenses incurred during the report period are detailed opposite.

Trading account

A-Belco paid rent, rates and shared costs during the Administration on behalf of MEP. These costs were recharged during the period to MEP.

Central / shared costs mainly relates to a small number of staff retained to assist with IT, HR, record retention and financial management matters, as well as security and waste disposal costs.

In addition, we have paid a contractor £9,900 in total who assisted as an interim production manager until the conclusion of the Mercury trading agreement on 16 November 2016.

R&P

A further contribution of £1,100 was paid to BIM to cover costs incurred in BIM, as set out on page 10.

The Administrators invoiced a further £50,000 plus VAT to MEP for works undertaken. In total, the Administrators have now received total fees of £135,000 from our fixed fee resolution of £200,000. In addition, the Administrators have been paid expenses of £6,623 plus VAT, as set out on page 15. In addition, the Administrators were paid pre-appointment expenses of £2,274.

The Administrators' agent, Liquidity Services ("LS"), have been paid £7,365 plus VAT for their work in relation to realising the chattel assets of the MEP.

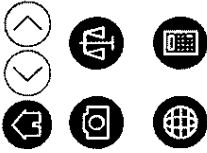
As reported in our last progress report, the Administrators' legal advisors, Ward Hadaway, had incurred costs of c£25k plus VAT, which have now been paid in full (£17,992 paid in the period).

All costs have been paid as shown on the receipts and payments account on Page 8.



Progress of the Administrations MEP Receipts and Payments

A receipts and payments account together with a separate trading account is provided opposite and below, detailing transactions in the administrations to 17 October 2017.



Joint Administrators' receipts and payments account 18 April 2017 to 17 October 2017				
	SoA values	Notes	Period	To date
Receipts				
Trading Surplus	225,799	A	(43,451)	66,684
Book Debts	258,248	B	-	295,703
Cash surplus	-	B	-	-
WIP & Finished Goods	11,230	-	-	27,825
Bank Interest Gross	-	C	32	353
Chattel Assets	-	D	(3,933)	19,667
Total receipts	495,277		(47,352)	410,232
Payments				
Employee Expenses (Ransom)			-	276
Payroll Bureau Fees			-	596
Storage Costs			38	153
Postage & Redirection			-	260
Statutory Advertising			-	85
Insurance of Assets			-	6,598
Bank Charges			0	84
Contribution to BIM			1,100	22,500
Administrators' Fees			50,000	135,000
Administrators' Expenses			6,623	6,623
Pre-appointment Administrators' Expenses			2,274	2,274
Agent's Fees			7,365	8,365
Legal Fees			17,992	25,492
Preferential Creditors			27,492	27,492
Distribution to Close			-	126,427
Total payments	112,884	B	362,225	
Balance			48,007	
I/B Current A/c		C		35,194
Vat Control Account		D		12,513
Balance in hand				48,007

Notes to the MEP receipts and payments account

A – The trading surplus largely reflects the net surplus from Mercury, before professional costs associated with trading. See page 9 for comments on movements in the period

B – As mentioned previously, the MEP R&P reflects the unmarshalled position regarding book debts, being nil cash surplus available for creditors of MEP and c£126k distributed to CIFL.

The R&P will be updated to reflect the re-marshalled position once book debts are complete in A-Belco and Opsol, as described on page 5.

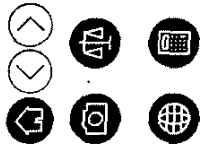
No book debts were received in the period.

C – All funds have been banked in an interest bearing bank account.

D – All sums are shown net of VAT which is recoverable/payable and will be accounted for to HM Revenue & Customs in due course. In the period, we made an adjustment for VAT received in respect of chattel assets of £3,933

Progress of the Administrations MEP trading account

A receipts and payments account together with a separate trading account is provided opposite and below, detailing transactions in the administrations to 17 October 2017.



Joint Administrators' trading account **18 April 2017 to 17 October 2017**

£	Period	To Date
Receipts		
Sales	A (19,214)	177,640
Total receipts	(19,214)	177,640
Payments		
Purchases	-	540
Salaries (M)	-	62,804
BIM Recharge	-	16,461
Rates	1,994	1,994
Rent	7,870	7,870
Central / shared costs	4,473	4,473
Hire of Equipment	-	1,642
Fork Lift Hire	-	260
Security Costs	-	3,264
Skip Hire	-	1,748
Contractor costs	9,900	9,900
Total payments	24,237	110,955
Trading surplus/(deficit)		66,684

Notes to the MEP trading account

A trading account is provided opposite above and shows that to date a trading surplus has been made.

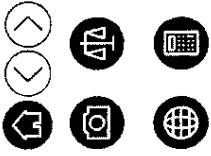
Note that this is not the final position. We are currently reconciling the final trading account and the position with Mercury.

The surplus shown excludes the Administrator fees and expenses in undertaking trading activity. Such costs are included in the R&P on the previous page.

A – The Administrators invoiced Mercury weekly in advance under the funding agreement. Given that the agreement terminated mid week (16 November 2016), we raised a credit note for the balance of the week that was beyond the point of termination, totalling £19,214

Progress of the Administrations BIM Receipts and Payments

A receipts and payments account together with a separate trading account is provided opposite and below, detailing transactions in the administrations to 17 October 2017.



Joint Administrators' receipts and payments account 18 April 2017 to 17 October 2017

£	SoA values	Notes	Period	To date
Receipts				
Trading Surplus	-		-	1,324
Contribution from MEP	-	A	1,100	22,500
Bank Interest Gross	-	B	1	2
Fixed assets	8,900	C	-	-
Total receipts			1,101	23,826

Payments				
Administrators' Fees	-		-	15,000
Administrators' Expenses	1,304		1,304	1,304
Rates	638		638	638
Rent	1,431		1,431	1,431
Central / shared costs	4,473		4,473	4,473
Payroll Bureau Fees	-		-	557
Postage & Redirection	-		-	260
Statutory Advertising	-		-	85
Bank Charges	-		-	13
Total payments	7,846		23,760	

Balance				66
NIB Current A/c	C			66
Vat Control Account	D			
Balance in hand				66

Notes to the BIM receipts and payments account

- A – The receipt of these funds are from MEP and are to cover the Administrator's fees and general costs of the Administration of BIM.
- B – All funds have been banked in an interest bearing account.
- C – These relate to property improvements, which have no realisable value.
- D – All funds are shown net of VAT, which is recoverable/payable and will be accounted for to HM Revenue & Customs in due course.

Joint Administrators' trading account 18 April 2017 to 17 October 2017

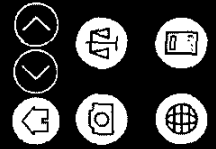
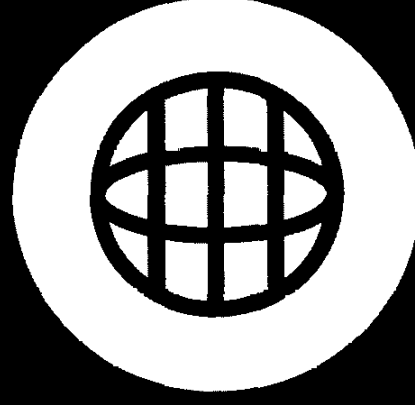
£	Period	To Date
Receipts		
Receipts to trade from MEP	-	16,461
Total receipts	-	16,461
Payments		
Salaries (M)	-	15,137
Total payments	-	15,137
Trading surplus/(deficit)		1,324



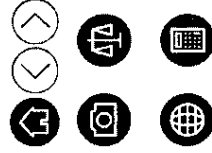
Information for creditors

Outcome

12



Information for creditors Outcome



Secured creditors

The Group was funded by a £4m invoice discounting facility and £330k cash flow loan from CIFL, and a term loan of £833k from Lloyds.

Lloyds and CIFL are the Secured creditors of the Group. In addition, MEP has a performance bond facility with Lloyds of £50k. We have had confirmation that the bond issued of £41k will not be drawn.

CIFL has been paid in full from Group realisations.

We also expect that Lloyds' debt at the outset of the Administrations will also be paid in full.

Preferential creditors

We have made a distribution of 100p/£ to the preferential creditors on MEP.

We do not expect to pay any dividend to preferential creditors of BIM.

Prescribed Part and unsecured creditors

On present information it is likely that there will be a likely that there will be a small distribution to unsecured creditors pursuant to the PP provisions of the Insolvency Act 1986.

We have been agreeing unsecured creditor claims in readiness for paying a dividend under the PP and will write to all creditors shortly regarding their claims.

As stated previously, when book debt collections in A-Belco and Opsol are complete, we will finalise the re-marshalling of cash surpluses and book debt collections across the Group. We expect this will result in a reimbursement to MEP of the cash surplus on the date of Administration of c£371k that will enhance the return to MEP unsecured creditors. We estimate the dividend to MEP unsecured creditors to be 2p/£ to 3p/£.

We do not anticipate paying any dividend to unsecured creditors of BIM.

Claims process – creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed is £1,000 or less. We will notify you if funds become available for dividend purposes. Your claim will be admitted in the amount shown in the Companies' records/statement of affairs. If you disagree with that amount you will be provided with an opportunity to notify us of the correct amount.

Claims process – creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us by completing a proof of debt form which is available on the administration website and which should be sent to the address on page 1, marked for the attention of Hena Virdee at hvirdee@deloitte.co.uk

Extensions to the Administrations

The Administrations were extended by the secured creditors and will now end on or before 17 October 2018. We do not anticipate that this will be necessary to further extend the period of the Administrations.

Exit

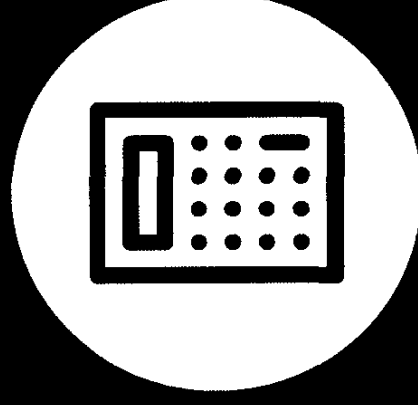
As detailed in our proposals, we consider that dissolution will be the most appropriate exit route from the Administrations as there are no further property or assets that may permit a distribution to the MEP or BIM's creditors. We may file notices to that effect with the Registrar of Companies and MEP and BIM will be dissolved three months later.



Remuneration and expenses

Joint Administrators' remuneration

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Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at

www.deloitte.co.uk/mepsolutionsandmepbimsolutions

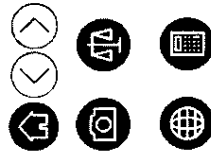
Should you require a paper copy, please send your request in writing to us at the address on Page 1 of this report and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed on 23 March 2017 by the Secured Creditors as a set amount of £200k for MEP and £50k for BIM plus VAT thereon.

Set amount

We have drawn remuneration of £135k in MEP and £15k in BIM.



Remuneration and expenses

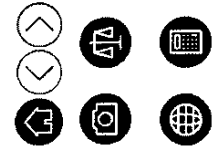
Detailed information

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.



Disbursements

Our disbursements to date are summarised below:

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the Administration estates and was given by the secured creditors on 23 March 2017.

Mileage is calculated at the prevailing standard rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Details of all disbursements are given below and from which it can be seen that we have not recovered our disbursements in full.

MEP disbursements				
£ (net)	Current Period	Previous Period	Total Incurred	Paid Unpaid
Category 1				
Accommodation	-	2,451	2,451	2,451 -
Subsistence	-	705	705	705 -
Telephone	-	72	72	72 -
Bordereau	-	230	230	230 -
Stationary	-	388	388	263 125
Postage/Coupons	258	912	1,170	254 916
Travel	-	441	441	441 -
Total expenses	258	5,199	5,457	4,416 1,041
Category 2				
Mileage	-	1,956	1,956	1,956 -
Website	-	250	250	250 -
Total disbursements	-	2,206	2,206	2,206 -
Total	258	7,406	7,664	6,623 1,041

BIM disbursements				
£ (net)	Current Period	Previous Period	Total Incurred	Paid Unpaid
Category 1				
Bordereau	-	230	230	230 -
Statutory advertising	-	85	85	85 -
Stationary	106	-	106	106 -
Postage/Coupons	373	260	633	633 -
Total expenses	479	575	1,054	1,054 -
Category 2				
Website	-	250	250	250 -
Total disbursements	-	250	250	250 -
Total	479	825	1,304	1,304 -

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

Deloitte.

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