

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company MCT Mitchell Cotts Limited	Company Number 03966103
In the High Court of Justice, Chancery Division Bristol District Registry (full name of court)	Court case number 1160 of 2009

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

We (a) Ross David Connock of PricewaterhouseCoopers LLP, 31 Great George Street, Bristol, BS1 5QD and Robert Nicholas Lewis of PricewaterhouseCoopers LLP, One Kingsway, Cardiff, CF10 3PW.

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 3 July 2009

Signed

Joint Administrator

Dated

3 July 2009

Contact Details:

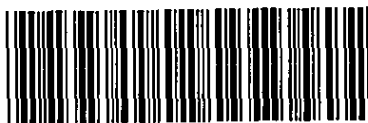
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Farida Khawaja	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4037
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



PC94KBCL

PC1

07/07/2009

945

COMPANIES HOUSE

TUESDAY



To all known creditors

3 July 2009

Our ref: GP/FK/KB/MCT/030701

Dear Sirs

MCT Mitchell Cotts Limited – in administration ("the Company")

I wrote to all known creditors on 18 May 2009 to explain that the Company had entered into administration and that I had been appointed as Joint Administrator together with my colleague Robert Nicholas Lewis.

I enclose with this letter the Joint Administrators' proposals for achieving the purpose of the administration.

We have formed the view that the Company has insufficient property to enable a distribution to be made to the unsecured creditors.


Accordingly, a meeting of creditors is not being convened at this time. In accordance with Rule 2.33(5) of the Insolvency Rules 1986 ("IR86") our proposals will be deemed to have been approved by creditors unless a meeting of creditors is requisitioned in the prescribed manner by at least 10% in value of creditors within 12 days of the date on which these proposals are circulated. **It is therefore important that you read this document carefully.**

If telephoning please contact Farida Khawaja on 0113 289 4337

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds LS1 4JP
Telephone: +44 (0) 113 289 4000
Facsimile: +44 (0) 113 289 4460
Direct Phone: +44 (0) 113 289 4337
Direct Fax: +44 (0) 113 289 4560
pwc.com/uk

If you require any further information, please do not hesitate to contact my colleague Farida Khawaja on 0113 289 4337.

Yours faithfully
For and behalf of the Company


Rod Lewis
~~Joint Administrator~~

Enclosures: Joint Administrators' proposals for achieving the purpose of the administration
Statement of claim form (D355E)

Robert Nicholas Lewis and Ross David Connock have been appointed as Joint Administrators of MCT Mitchell Cotts Limited and they contract as agents of the Company without personal liability. Both are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.



**MCT Mitchell Cotts Limited – in Administration
High Court of Justice, Chancery Division, Bristol District Registry
Case No. 1160 of 2009**

Joint Administrators' proposals for achieving the purpose of the Administration

3 July 2009

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- d. Statutory and other information

3 Receipts and payments account

Appendix A Statement of Affairs

1. Purpose of this document

I wrote to all creditors on 19 May 2009 to explain that MCT Mitchell Cotts Limited ("the Company") had entered into Administration and that Ross David Connock and I had been appointed as Joint Administrators ("the Administrators") on 11 May 2009.

We were appointed as Administrators to manage the affairs, business and property of the Company. We will act until such time as our proposals for achieving the purpose of the Administration have been agreed by creditors and implemented, following which the Administration will be ended.

The purpose of an Administration is to achieve one of the following objectives:

- (a) Primarily, rescuing the Company as a going concern, or failing that
- (b) 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 finally
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

For the reasons detailed in this document, objective (c) is being pursued as it was not reasonably practical to rescue 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).

This document and its appendices form the Administrators' statement of proposals for achieving the purpose of the Administration as required by Paragraph 49 Schedule B1 of the Insolvency Act 1986 ("Sch.B1 IAG6").

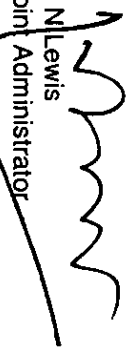
As detailed in Section 2 we have formed the view that the Company has insufficient property to enable a distribution to be made to unsecured creditors.

Accordingly, by virtue of Paragraph 52(1) Sch.B1 IAG6, a meeting of creditors is not being convened at this time. In accordance with Rule 2.33(5) of the Insolvency Rules 1986 ("IR86") our proposals will be deemed to have been approved by creditors unless a meeting of creditors is requisitioned in the prescribed manner by at least 10% in value of creditors within 12 days of the date on which these proposals are circulated.

If you have any concerns or questions regarding the background to this case or what is being proposed, please do not hesitate to contact my colleague, Farida Khawaja, on 0113 289 4037.

Yours faithfully

For and on behalf of MCT Mitchell Cotts Limited


R N Lewis
Joint Administrator

Robert Nicholas Lewis and Ross David Connock have been appointed as Joint Administrators of MCT Mitchell Cotts Limited and they contract as agents of the Company without personal liability. Both are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

**MCT Mitchell Cotts Limited – in Administration ("the Company")
Joint Administrators' proposals for achieving the purpose of the Administration**

2. The Administrators' statement of proposals

a. Brief history of the Company and summary of the Administrators' actions to date

Background

The Company traded as a manufacturer of gearboxes and drivetrain assemblies, and as a low volume manufacturer of engines, for the automotive industry. The Company's business had declined significantly as a result of the global recession and the consequent severe downturn in automotive manufacturing. The Company was based in Weston-Super-Mare in the South West of England where it employed 86 staff.

The Company was part of a group comprising mainly of a holding company, Hasgo Group Limited, and its two trading subsidiaries, the Company and WDS Components Limited (the three companies being the "Group").

The Company was insolvent, due mainly to its joint liability for the Group bank debts of £17.929m and a significant deficit on its defined benefit pension scheme. The Group's bank was unwilling to increase its indebtedness to the Company.

In November 2008 the administrators were instructed to assist Hasgo Group Limited and its bank by advising on a disposal strategy for the two trading subsidiaries and to implement an accelerated sale process for the subsidiaries and / or their businesses and assets.

The circumstances giving rise to the Administrators' appointment

The Company was offered for sale in its entirety, and the marketing activity was not restricted to the sale of the Company's business and assets. 41 potential third party purchasers (8 UK trade, 20 overseas trade, 13 financial) were identified and contacted. The marketing activity was led by a PricewaterhouseCoopers corporate finance automotive sector specialist. Strong interest was shown by two potential trade purchasers, and one indicative offer of £2.5m received. However both parties withdrew following decisions being taken by their boards of directors not to pursue any corporate acquisitions in the prevailing economic environment.

The marketing activity concluded that it would not be feasible to conclude a "going concern" sale to a third party purchaser. The prospects of a sale were adversely impacted by the recessionary economic climate and reduced availability of funding for corporate acquisitions. The only remaining party with an interest in acquiring the business and assets was MCT Reman Limited ("the purchaser"), a Company formed by Roger Atkinson (director of Hasgo Group Limited, MCT Mitchell Cotts Limited and WDS Components Limited) and James Stone (company secretary and finance director of Hasgo Group Limited).

The main alternative course of action would have been for the Company to enter into a creditors' voluntary liquidation process. The administrators consulted with the Group's bank, Bank of Scotland Plc, on this matter (as secured creditor the Group's bank was the only creditor with any prospect of any recoveries under any feasible option) and estimated that the potential net recoveries to the Group's bank in a liquidation could be of the order of £500,000, although the actual outcome could have been subject to significant variation. In addition to the financial outcome for the Bank, any "going concern" solution would protect employment for the Company's staff.

2. The Administrators' statement of proposals

The manner in which the Company's affairs and business have been managed and financed

A sale of the business and assets to MCT Rerman Limited was completed immediately following appointment.

The consideration included the following elements:

- initial cash consideration of £300,000 (plus a further contingent element of up to £180,000, of which £90,000 is held in escrow);
- deferred cash consideration of £300,000 payable in instalments between November 2009 and May 2010;
- an amount payable equal to £1 for every £2 by which EBITDA attained by the Purchaser in the 24 months post completion exceeds £500,000 (the "Earn Out"). Amounts payable under the Earn Out will be payable no later than two months after the end of each of the two 12 month periods;
- if the shares (or business and assets) of MCT Rerman Ltd are sold within 24 months of completion, a further amount will be payable equal to 40% of the sale proceeds less any amount paid under the Deferred Value and Earn Out provisions.

The Company has taken a second charge (ranking behind the Purchaser's funder) over the assets sold to the Purchaser, in respect of the deferred and contingent elements of the consideration.

The assets of the business were valued in February 2009 by Edward Symmons LLP, an independent firm of professional valuation agents. The Company's leasehold property interests were valued at £Nil. Valuations were prepared on two bases as follows:

- Market value as a whole in its working place: plant and equipment, office furniture and equipment £308,500; stock expressed as a percentage of cost - engine components 50%, work in progress 40%, finished goods 60%. Based on the Company balance sheet at 31 March 2009 this would suggest a stock valuation of approximately £794,000; and
- Market value for removal (3 months marketing period): plant and equipment, office furniture and equipment £103,300; stock expressed as a percentage of cost - engine components 7.5%, work in progress 5%, finished goods 20%. Based on the Company balance sheet at 31 March 2009, this would suggest a stock valuation of approximately £127,000.

Further information in respect of the sale of the business was provided in our initial letter to creditors dated 19 May 2009.

Objective of the Administration

As stated in Section 1 of this document, objective (c) realising property in order to make a distribution to one or more secured or preferential creditors, is being pursued by the Joint Administrators.

Due to the substantial sums due to the secured and unsecured creditors, it was not reasonably practical to rescue the Company as a going concern.

**MCT Mitchell Cotts Limited – in Administration ("the Company")
Joint Administrators' proposals for achieving the purpose of the Administration**

2. The Administrators' statement of proposals

Dividend prospects

There will be a significant shortfall to the Company's bank as secured creditor; therefore, there is no prospect of a distribution to unsecured creditors. The Prescribed Part (which is that part of any floating charge realisations that should be made available for unsecured creditors) has no application to this administration because there is not a floating charge that was created on or after 15 September 2003.

The Administrators anticipate that the preferential creditors will be paid in full.

Ending the Administration

The Administrators currently envisage that once the objective of the administration has been achieved the Administrators will file a notice under Paragraph 84(1) Sch.B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later.

It is likely that an extension of the Administration shall be sought by the Administrators in respect of the Company.

2. The Administrators' statement of proposals

b. Proposals for achieving the purpose of the Administration

The Administrators make the following proposals for achieving the purpose of the Administration.

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from trading revenues and asset realisations in such manner as they consider expedient with a view to realising property in order to make a distribution to one or more secured or preferential creditors.
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or 1A86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- iii) If the Administrators think that funds will become available for the unsecured creditors, the Administrators may at their discretion establish in principle the claims of the unsecured creditors for adjudication by a subsequent liquidator and the costs of so doing will be met out of the prescribed part as costs associated with the prescribed part.
- iv) If the Administrators think that funds will become available for the unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch.B1 1A86.
- v) The Administrators do not propose to seek the election of creditors' committee for the Company as there is no anticipated distribution to the unsecured creditors. However should a committee be elected and where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors.
- vi) If one is elected, the Administrators will consult the creditors' committee, prior to making an application to the court under section 176A(5) 1A86 for an order not to distribute the prescribed part to unsecured creditors if the Administrators conclude that the cost of making a distribution would be disproportionate to the benefits.
- vii) If one is elected, the Administrators will consult with the creditors' committee concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous. If a committee is not elected the Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension.
- viii) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following option as being the most cost effective and practical in the present circumstances: -
 - (a) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch.B1 1A86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later.

2. The Administrators' statement of proposals

- ix) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the secured creditor, or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors or in any case at a time determined by the court.
- x) It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature. Also that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, as the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86, it will be for the secured creditor and if applicable preferential creditors to determine these instead.
- xi) The Administrators also propose that the Company's books and records be destroyed one year after dissolution.

2. The Administrators' statement of proposals

c. Statement of Affairs

The Statement of Affairs of the Company was delivered to the Administrators on 25 June 2009. The statement was signed by John Grant, a director of the Company.

The Statement of Affairs is copied at Appendix A and includes details of the names, addresses and debts of creditors. In line with the statutory format for a Statement of Affairs, it does not include any provision for the costs of realisation and administration.

The Administrators confirm that they have not carried out anything in the nature of an audit on the information contained in the Statement of Affairs.

2. The Administrators' statement of proposals

d. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Bristol District Registry, Case No 1160 of 2009
Full name:	MCT Mitchell Cotts Limited
Trading name:	MCT Mitchell Cotts Limited
Registered number:	03966103
Registered address:	c/o PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
Activity:	Manufacturer of gearboxes and drivetrain assemblies, and low volume manufacture of engines, for the automotive industry
Company directors:	John Albert Martin Grant and Roger Scott Atkinson
Company secretary:	James Michael Stone
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	11 May 2009
Administrators' names and addresses:	Ross David Connock and Robert Nicholas Lewis PricewaterhouseCoopers LLP 31 Great George Street Bristol, BS1 5QD
Appointor's name and address:	Directors of MCT Mitchell Cotts Limited, Winterstoke Road, Weston Super Mare, North Somerset, BS24 9AT
Objective being pursued by the Administrators:	Realising property in order to make a distribution to one or more secured or preferential creditors.
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the Administration is in force, any function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office.
Proposed end of the Administration:	Dissolution
Estimated dividend for unsecured creditors:	None
Estimated values of the prescribed part and the company's net property:	Not applicable in this case
Whether and why the Administrators intend to apply to court under Section 176(A) IA86:	Not applicable in this case
The European Regulation on Insolvency Proceedings (Council Proceedings)(EC) No. 1346/2000 of 29 May 2000:	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are the main proceedings.
Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:	None

MCT Mitchell Cotts Limited – in Administration ("the Company")
Joint Administrators' proposals for achieving the purpose of the Administration

3. Receipts and payments account

Receipts and payments account for MCT Mitchell Cotts Limited for the period from 11 May 2009 to 26 June 2009		Receipts/ (Payments) £	MCT Mitchell Cotts Limited Receipts and payments account in the Administration period We set out on the opposite page a summary of the receipts and payments account for the period of the Administration to 26 June 2009.
Receipts			
Book debts	175,000		
Plant & Machinery	25,000		
Stock/ Intangible assets/Intellectual Property Rights	100,000		
Interest Received	4		
	<u>300,004</u>		
Payments			
Secured Creditor	175,000		
Statutory advertising	104		
Agents fees	4,118		
Insurance	105		
Legal fees	22,500		
Legal expenses	75		
VAT Receivable	4,013		
	<u>205,915</u>		
	<u>94,089</u>		
Balance in Hand			

Appendix A

Statement of Affairs

**MCT Mitchell Cotts Limited – in Administration (“the Company”)
Joint Administrators’ proposals for achieving the purpose of the Administration**

Statement of affairs

Name of company MCT Mitchell Coils Limited		In the High Court of Justice Chancery Division Bristol District Registry (full name of court)	
Company number 03966103		Court case number 1160 of 2009	

Statement as to the affairs of (a) MCT Mitchell Coils Limited, Wintestoke Road, Weston Super Mare, N Somerset, BS24 9AT
(a) Insert name and address of registered office of the company

on the (b) 11 May 2009, the date that the company entered administration.

(b) Insert date

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 11 May 2009 the date that the company entered administration.

Full name John August Martin Grant
Signed [Signature]
Dated 25/06/09

A - Summary of Assets

Assets

Assets subject to fixed charge:

Trade Debtors
Fixed Assets
Goodwill

Debits Secured By Fixed Assets

Estimated Deficiency on Finance Assets subject to floating charge:

Stock
Fixed Assets
Prepayments

Uncharged assets:

Estimated total assets available for preferential creditors

Signature [Signature] Date 25/06/09

Estimated to Realise £	Book Value £
350,000	1,202,599
-	99,000
-	3,563,000
(17,929,000)	
(17,579,000)	
200,000	1,550,000
50,000	281,000
-	260,000
250,000	2,091,000

A1 – Summary of Liabilities

Estimated	Estimated total assets available for preferential creditors (carried from page A)	Liabilities	Estimated
		Preferential creditors:-	
		Estimated deficiency/surplus as regards preferential creditors	
		Estimated prescribed part of net property where applicable (to carry forward)	
		Estimated total assets available for floating charge holders	
		Debts secured by floating charges	
		Estimated deficiency/surplus of assets after floating charges	
		Estimated prescribed part of net property where applicable (brought down)	
		Total assets available to unsecured creditors	
		Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
		Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	
		Shortfall to floating charge holders (brought down)	
		Estimated deficiency/surplus as regards creditors	
		Issued and called up capital	
		Estimated total deficiency/surplus as regards members	

Date 25/06/09

Signature

[Handwritten Signature]

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

[illegible]

Signature

Paul

Date _____

25/06/09

Amount Outstanding
410
4,592
1,470
15,201
604
76
726
5,426
915
11
271
346
71
772
326
1,346
116
116
896
564
1,454
5,417
1,707
13,318
203
71,635
615
540
6,612
165
187
4,883
3,729
3,652
4,433
198
221
36
9,473
3,816
232
4,477
157
3,381
998
1,542
3,313
1,665
864
1,853
1,843
125,822
13,341
463
1,346
-579
6,103
2,652
20,442
4,478
344
286
49
156
251
122
238
1,205
943
2,206
4,056
182

[illegible]

100

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
HASSO GOLF LTD	WIMBORNE ROAD WESTON LANE WARE BS24 9AT	4,500,000	4,200,000	200,000 Ordinary Shares 3,000,000 A Shares 1,200,000 B Shares
TOTALS		4,500,000	4,200,000	

Signature

P. J. G. C.

Date

25/06/09

Creditor's name and address.	
Total amount of your claim, including any VAT at £	the date the administration commenced.
Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title in respect of goods to which the debt relates.	
If relevant, please attach a statement of account.	
What goods or services did you provide?	
Is all or part of your claim preferential as defined in the Insolvency Act 1986? (see footnote) If so, please provide details where indicated, otherwise leave this section blank.	Category Amount (s) claimed as preferential £
If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security.	
If no security held, leave this section blank.	
We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed? If so, please provide brief details on this form, or on a separate sheet if there is insufficient room.	
Signature of creditor or person authorised to act on behalf of the creditor.	Date
Name in block capitals.	
Position with or relation to the creditor (e.g. director, company secretary, solicitor).	

/D355E

Categories of preferential creditors are defined in section 386 of the Insolvency Act 1986 (amended by the provisions of section 251 of the Enterprise Act 2002) as contributions to occupational pension schemes; remuneration and accrued holiday pay of employees; amounts due in respect of monies advanced to pay remuneration and accrued holiday pay; amounts ordered to be paid under the Reserve Forces (Safeguard of Employment) Act 1985 and levies on coal and steel production