

The Insolvency Act 1986

Administrator's progress report

Name of Company

MCT Mitchell Cotts Limited

Company Number

03966103

In the High Court of Justice
Bristol District Registry
Chancery Division

(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

Administrators of the above Company attach a progress report for the period

from

to

(b) Insert date

(b) 11 May 2010

(b) 5 November 2010

Signed

Joint Administrator (IP No 9277)

Dated

5/11/10

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.

Neil Weldrick

PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street
Leeds, LS1 4JP

Tel 0113 289 4253

DX Number

DX Exchange

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COMPANIES HOUSE

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



To: All Known Creditors

5 November 2010

When telephoning please ask for Neil Weldrick

Our ref: NVW/MCT/201010/REPORT

Dear Sirs

MCT Mitchell Cotts Limited – in Administration (“the Company”)
Former Trading Address: Winterstoke Road, Weston Super Mare, North Somerset,
BS24 9AT

The Joint Administrators (“the Administrators”) write to provide creditors with a final report on the progress and conclusion of the Administration of the Company in accordance with Rules 2.47 and 2.110 of the Insolvency Rules 1986 (“IR86”).

1 Overview of the administration

Ross Connock and Rob Lewis were appointed Joint Administrators of the Company on 11 May 2009.

On 3 July 2009, the Administrators circulated to creditors their Proposals for achieving the purpose of the Administration. An extract of the Proposals is enclosed at Appendix C.

The Administrators stated in their proposals that objective (c) was being pursued, realising property in order to make a distribution to one or more secured or preferential creditors. The Administrators decided that it was not reasonably practical to rescue the Company as a going concern or achieve a better result for creditors than would be likely if the Company were wound up (without first being in Administration).

2 Steps taken by the Administrators

On appointment, a sale of the majority of the business and assets to MCT Reman Limited (“Reman”) was completed. The transaction involved the sale of the business and the assets in their entirety and totalled £600,000. The Administrators have received the balance in full, which included the following:

- An initial cash consideration of £300,000,

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- Deferred cash consideration payments totalling £300,000 paid between November 2009 and May 2010.

In addition to the sale consideration detailed above, £33,000 has been received in respect of the release of escrow monies relating to employee redundancies and £33,000 of rent pre-paid by the Company has been refunded by Reman

A balance of £8,469 has also been realised into the Administration in respect of business rate refunds.

The Administrators also collected a total balance of £64,000 in respect of license fees from Reman which was payable to the landlords of the properties situated in Weston Super Mare

2.1 The fulfilment of the Administrators' statutory duties

The Administrators have a duty to review the conduct of everyone who has acted as a director of the Company in the three years prior to the Administration and report to the Department for Business, Innovation and Skills on their findings. We can confirm that this has been completed, however for confidentiality reasons we are unable to give any further information.

All statutory matters are completed on an ongoing basis which included the finalisation of the Company's Corporation Tax position and receipt of the final VAT refund. Please note that the VAT refund in the sum of £458.65 has not been realised to date, however once received it will be payable directly to the secured creditor, Bank of Scotland Plc ("the Bank")

3 Receipts & payments account

Attached at Appendix B is an abstract of the receipts and payments for the Company to 5 November 2010.

4 Estimated outcome for creditors

4.1 Secured creditor

The Company's assets are subject to fixed and floating charges held by the Bank.

The Company was part of a group which also comprises Hasgo Group Limited (holding company) and WDS Components Limited (trading subsidiary). As part of the group, the Company is jointly liable for the group debt to the Bank, which stands at £17,929,000.

The Bank received a total distribution of £601,000 including a final distribution in the sum of approximately £126,000 in November 2010.

The sale to Reman included an element of non-cash deferred consideration triggered according to profit levels achieved, and certain actions taken, by Reman in the 24 month period post completion. Based on Reman's abbreviated accounts filed at Companies House for the period ended 30 April 2010, it appears unlikely that any further consideration will be received under these clauses. Given the extent of the outstanding Bank liability, any realisations arising will be caught by the Bank's secured charge. We have liaised with the Bank and formed the view that it would not be cost effective or in the interests of creditors to extend the administration further.

The Bank has suffered a significant shortfall in respect of its debt



4.2 Preferential creditors

All of the Company's employees were transferred to the purchaser under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006. Therefore, there were no preferential claims in respect of arrears of wages and unpaid holiday pay.

It was established that the Company's pension scheme had a preferential creditor claim in the sum of £5,901. A distribution of 100p in £ was made in respect of this claim.

4.3 Unsecured creditors

Due to the significant shortfall to the Bank as a secured creditor there were no funds to distribute to the unsecured creditors.

The Prescribed Part provisions did not apply to this Administration because a floating charge was not created on or after 15 September 2003.

5 Administrators' remuneration

In accordance with Rule 2.106(5A) IR86, as no distribution was made to the unsecured creditors, the Administrators' remuneration was agreed by the secured creditor and the majority (by value) of the voting preferential creditors.

The Administrators obtained approval from both the secured and preferential creditors on their remuneration being fixed on the basis of the time costs incurred in dealing with the Administration. The Administrators have drawn fees of £36,000 in accordance with agreements made at the time of our appointment.

6 Extension to the Administration

The Administrators considered it necessary for the Administration to be extended until 11 November 2010 to allow all of the previously identified outstanding matters to be completed. The extension of the Administration was granted by the secured and preferential creditors.

7 Exit route from Administration


Other than receipt of the final VAT refund detailed above, there are no outstanding matters to be resolved in the Administration and no further reports will be issued to creditors. A copy of this report has been filed with the Registrar of Companies, together with a notice under Paragraph 84(1) Sch B1 IA86, following registration of which the Company will be dissolved three months later.

The Administrators will be discharged from liability in respect of any action of theirs as Administrators 14 days after their appointment as Administrators ceases to have effect.



Should you have any queries, please do not hesitate to contact my colleague, Neil Weldrick, on 0113 289 4253

Yours faithfully
For and on behalf of the Company



R N Lewis
Joint Administrator

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Ross David Connock and Robert Nicholas Lewis have been appointed as joint administrators of MCT Mitchell Cotts Limited to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales

Appendix A: 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: | PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP |
| 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 / applicant'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: | Objective (c) - 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: | The Administrators intend to file notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following which the Company will be dissolved three months later (subject to the final outcome of the Administration) |
| 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 176A(5) IA86: | Not applicable in this case |
| The European Regulation on Insolvency Proceedings (Council Regulation(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 |

MCT Mitchell Cotts Limited
(in Administration)
Administrators' abstract of receipts and payments

Appendix B

| Director's Statement of Affairs | Brought forward at 10 May 2010 | From 11 May 2010 to 5 November 2010 | Total as at 5 November 2010 |
|---------------------------------------|---------------------------------------|--|--------------------------------|
| £ | £ | £ | £ |
| | FIXED CHARGE REALISATIONS | | |
| 350,000.00 | 325,593.35 | 43,750.00 | 369,343.35 |
| - | 1.01 | 0.13 | 1.14 |
| - | 0.87 | 0.13 | 1.00 |
| 350,000.00 | 325,595.23 | 43,750.25 | 369,345.48 |
| | FLOATING CHARGE REALISATIONS | | |
| - | 46,513.34 | 6,250.00 | 52,763.34 |
| - | 186,051.49 | 24,999.75 | 211,051.24 |
| - | 8,468.71 | - | 8,468.71 |
| - | - | 33,395.80 | 33,395.80 |
| - | 64,355.19 | - | 64,355.19 |
| - | - | 800.00 | 800.00 |
| - | 927.03 | - | 927.03 |
| - | 12,433.25 | 9,315.53 | 21,748.78 |
| - | 318,749.01 | 74,761.08 | 393,510.09 |
| 350,000.00 | 644,344.24 | 118,511.33 | 762,855.57 |
| | COST OF REALISATION / PAYMENTS | | |
| - | 1,204.91 | - | 1,204.91 |
| - | 400,000.00 | 201,234.14 | 601,234.14 |
| - | 64,355.19 | - | 64,355.19 |
| - | 105.00 | - | 105.00 |
| - | 103.67 | - | 103.67 |
| - | 28,425.89 | 3,389.50 | 31,815.39 |
| - | 75.00 | - | 75.00 |
| - | - | 31.37 | 31.37 |
| - | 50.00 | 25.00 | 75.00 |
| - | 36,000.00 | - | 36,000.00 |
| - | 952.37 | - | 952.37 |
| - | 5,901.00 | - | 5,901.00 |
| - | 18,174.48 | 2,828.05 | 21,002.53 |
| 0.00 | 555,347.51 | 207,508.06 | 762,855.57 |
| 350,000.00 | 88,996.73 | (88,996.73) | 0.00 |

Appendix C Extract from the Administrators' Proposals dated 3 July 2009

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 IA86 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 IA86
- 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) IA86 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 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later

Appendix C Extract from the Administrators' Proposals dated 3 July 2009

- 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