

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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18/05/2017

#189

COMPANIES HOUSE

1 Company details

Company number 0 2 7 6 9 7 0 5

Company name in full MEP Solutions Limited

→ Filling 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

West Yorkshire

Post town

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.

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Notice of administrator's progress report

6	Period of progress report															
From date	d	1	d	8	m	1	m	0	y	2	y	0	y	1	y	6
To date	d	1	d	7	m	0	m	4	y	2	y	0	y	1	y	7
7	Progress report															
<input checked="" type="checkbox"/> I attach a copy of the progress report																
8	Sign and date															
Administrator's signature	Signature X  X															
Signature date	d	1	d	5	m	0	m	5	y	2	y	0	y	1	y	7

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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 **Four Brindleyplace**

Post town **Birmingham**

County/Region

Postcode

B

1

2

H

Z

Country

DX

Telephone **0121 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



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

MEP Solutions Limited (“MEP”) and MEP BIM Solutions Limited (“BIM”) - in administration (together “the Companies”)






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

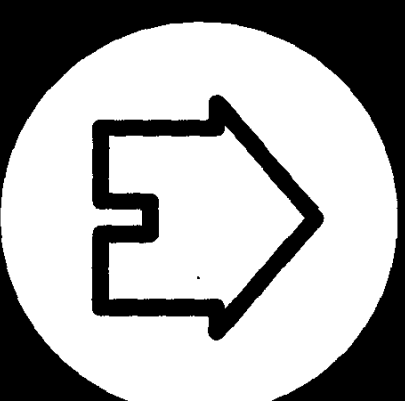
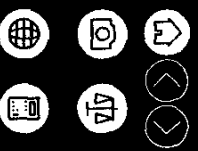
Clare Boardman and Adrian Peter Berry (“the Joint Administrators”) were appointed Joint Administrators of MEP Solutions Limited and MEP BIM Solutions limited on 18 October 2016. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as 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.

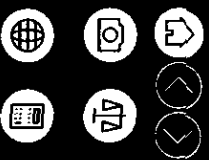
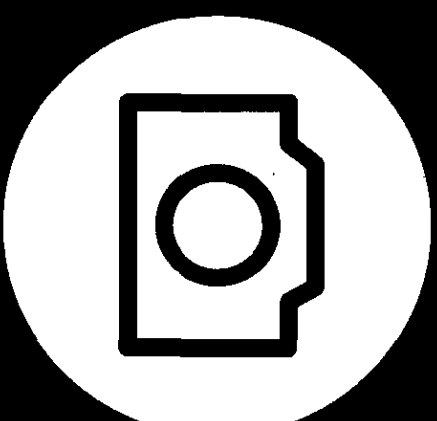
15 May 2017

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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: hvirddee@deloitte.co.uk

Website:

www.deloitte.com/uk/mepsolutionsand

mepbimsolutions

Tel: 0121 695 5644

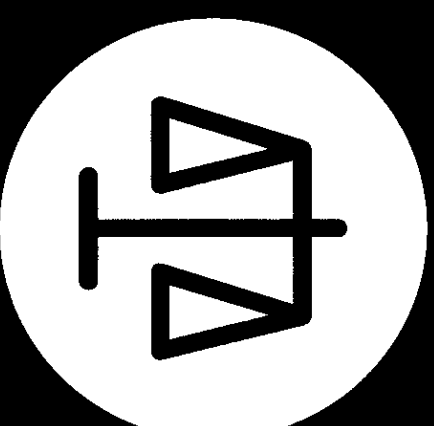
	Commentary
Purpose of administrations	<ul style="list-style-type: none"> The purpose of the administrations are to achieve a better result for the Companies creditors as a whole than in a liquidation.
Progress of administrations	<ul style="list-style-type: none"> The Companies continued to trade whilst purchasers were sought. Trading was essential as it allowed the completion of a major contract for a significant customer. The trade funding was provided by the same customer of MEP, Mercury Engineering and Building Services Limited ("Mercury"). The trading period ceased on 16 November 2016 and the Administrators subsequently vacated site on 9 December 2016. The Companies owned a limited quantity of tangible assets across its trading premises, with a combined book value of £143k. An independent valuer, Liquidity Services UK Ltd ("LS"), were instructed to secure, value and seek purchasers for these assets. Funds of c. £197k have been realised from sales within the period. Book debts of £296k have been collected.
Costs	<ul style="list-style-type: none"> 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. The proposed fee for MEP is significantly higher than that in BIM as predominantly all trading and associated costs are in respect of MEP. To date fees of £85k have been drawn in MEP and £15k in BIM against the agreed set fee. Disbursements of £8.2k have been incurred in the report period. Please refer to Page 14 for further details. Third party costs of £25k have been incurred in the report period. Please refer to Page 6 for further details.
Outstanding matters	<ul style="list-style-type: none"> Reconciliation of trading funding with Mercury. Payments of liabilities to A-Belco Limited ("A-Belco") for shared costs incurred by both Companies but paid by MEP. If we have surplus funds we may be able to make a distribution to the preferential and unsecured creditors. Closure of the case.
Dividend prospects	<ul style="list-style-type: none"> Secured creditors – Close Invoice Finance Limited ("CIFL") has been repaid in full. Lloyds Bank Plc ("Lloyds") may not be paid in full. The amount of repayment is subject to the level of book debt collections across other companies in the A-Belco Group, which are also in administration. Preferential creditors – There will be sufficient floating charge realisations to enable a distribution to the preferential creditors of MEP. BIM has insufficient funds to enable a distribution. Unsecured creditors – There will be sufficient floating charge realisations to enable a small distribution to the unsecured creditors under the Prescribed Part ("PP") provisions of the Insolvency Act 1986.
Extension to administrations period	<ul style="list-style-type: none"> We do not anticipate that it will be necessary to extend the period of the administrations which is due to end on or before 18 October 2017.





Progress of the administration

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Progress of the administration Summary

Progress of the administration

Work done

Work done during the report period

Sale of business

Immediately following our appointment, we concluded it would be in the best interests of the creditors to continue to trade the Companies whilst seeking a going concern sale. A total of 26 potential purchasers were identified and provided with information memorandums detailing the businesses. An offer deadline of 4 November 2016 was set to allow the one remaining interested party to complete their due diligence and to then confirm their offer. Regrettably, the final interested party concluded that the businesses did not complement their current operations sufficiently in order to proceed with an offer.

Trading

We were able to trade the Companies for a short period with financial contributions from an existing customer, Mercury. Funding from Mercury was released throughout the trading period which allowed completion of their contract only.

Mercury also funded the purchases of stock required, hire of equipment, payment of staff wages and a contribution towards the cost of the administrations. As per the funding agreement, Mercury paid c.£28k in relation to work in progress and production of finished goods.

The sale proceeds during the trading period totalled £196k.

Mercury terminated the trading agreement on 14 November 2016 and in accordance with the trading agreement a 48 hour termination period commenced. All trading therefore ceased with effect from 16 November 2016.

The Joint Administrators were left with no option but to make all remaining employees redundant on 16 November 2016 and later vacated site on 9 December 2016.

Asset Realisations

As at the date of appointment of the Companies owned a limited quantity of tangible assets including plant and machinery, fixtures and fittings and other items across its trading premises, with a combined net book value of £143k.

Our independent valuer, LS, was instructed to secure, value and seek purchasers for these assets.

LS arranged for the sale of all assets, where possible in situ or where not possible these were transferred to an off site auction facility whereby these have now been sold.

LS have paid over monies recovered for the in situ sales and we await further funds in relation to the ex-situ sales, from the third party auctioneer.

Book debts have been collected during the period for which CIFL have a first ranking charge.

Case specific matters

A former customer that held a contract with MEP is currently 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, that 10% of the contract, approximately £40k would be set aside under a bond in an escrow account. The agreement established that the bond would only be called on if there were any issues during the contract. The contractor has confirmed that there are a number of significant deficiencies and that they are pursuing this through their insurers. This may lead to the release of the bond to them, although still unconfirmed. We continue to liaise with the contractor and their insurers on this matter.



Progress of the administration Summary

Progress of the administration

Work done (continued)

Director Conduct Reports

We have complied with our statutory duty to report on the conduct of the Companies directors and submitted our confidential report to the Insolvency Service on 31 January 2017.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

Having completed this review no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the Contact details on Page 1 above.

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:

- Case set-up and management
- Statutory reporting
- Appointment notifications
- Correspondence
- CDDA reporting
- Case reviews
- Cashiering functions
- Closing preparation

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

Cost of the work done during the report period

The costs and expenses incurred during the report period are detailed below.

Legal fees – £7.5k was paid to Ward Hadaway in relation to the assistance provided with appointment documentation, serving notices and preparing the trading agreement. The total time costs incurred by Ward Hadaway totalled £25k. Invoices for the rest of the amount due to Ward Hadaway have been approved and they will be included in the receipts and payments account within the next progress report.

BIM trading - funds of £16.4k were transferred to BIM to cover the wages of their staff. A further contribution of £21.4k has been paid in relation to shared group costs payable by BIM. This payment included £15k of Administrators fees and the remaining £6.4k relates to costs due to A-Belco for rent, rates, shared employee costs and utilities. A breakdown of these costs is detailed below.

MEP / BIM Cost Reconciliation 18 October 2016 to 17 April 2017

	Total (£)
Transfer to BIM	
Wages	16,461
Fees	15,000
Trading Costs	6,400
	<u>37,861</u>

LS have been paid £1k plus VAT for their work in relation to realising the tangible assets of the Companies.

Our fees and expenses, for which more detail is provided on Page 14.

All costs have been paid, as shown in the receipts and payments account on page 7.



Progress of the administration

MEP Receipts and payments

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

Joint Administrators' receipts and payments account 18 October 2016 to 17 April 2017

£ SoA values Notes To date

Receipts			
Trading Surplus	225,799	A	110,135
Book Debts	258,248	B	295,703
WIP & Finished Goods	11,230		27,825
Chattel Assets	-		23,600
Bank Interest Gross	-	C	321
Total receipts	495,277		457,584
Payments			
Statutory Advertising			85
Postage & Redirection			260
Storage Costs			115
Insurance of Assets			6,598
Bank Charges			84
Employee Expenses			276
Payroll Bureau Fees			596
Contribution to BIM			21,400
Agents Fees			1,000
Legal Fees			7,500
Administrators' Fees			85,000
Distribution to Close			126,427
Total payments			249,341
Balance			208,243
Made up of:			
I/B Current A/c		C	209,572
Petty Cash Float			300
VAT Payable		D	(24,586)
Mercury contingency		E	(10,000)
Mercury Trading Funds			32,957
Balance in hand			208,243

Notes to receipts and payments account

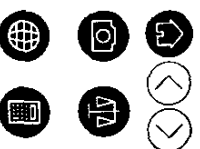
A - The trading surplus is not a true reflection of the trading position as all trading funds have been received from Mercury, rather than profit generated through the trading period. Additionally this figure does not include the professional costs associated with trading.

B - Book debts were received in relation to the Mercury trading period.

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

D - All sums shown are net of VAT, which is recoverable/payable and will be accounted for to HM Revenue & Customs in due course.

E - Mercury Contingency and Trading Funds were provided to the Companies which enabled the Companies to continue to trade and pay for ongoing expenditure throughout the trading period. A full reconciliation of these funds is due to be completed now that all trading costs have been identified.



Progress of the administration

MEP Receipts and payments

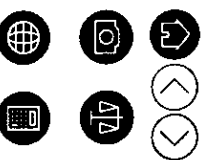
A receipts and payments account together with a separate trading account is provided opposite and below, detailing the transactions in the administration to 17 April 2017.

MEP Joint Administrators' trading account

18 October 2016 to 17 April 2017

£	To date	Estimated future movements	Estimated outcome
Receipts			
Trading contribution from Mercury	196,853	-	196,853
Total receipts	196,853	-	196,853
Payments			
Purchases	540	-	540
Salaries	62,804	-	62,804
BIM Recharge	16,461	-	16,461
Hire of Equipment	1,642	-	1,642
Fork Lift Hire	260	-	260
Security Costs	3,264	-	3,264
Skip Hire	1,748	-	1,748
Total payments	86,718	-	86,718
Trading surplus	110,135	-	110,135

A trading account is provided 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.



Progress of the administration

BIM Receipts and payments

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

Joint Administrators' receipts and payments account 18 October 2016 to 17 April 2017			
E	SoA values	Notes	To date
Receipts			
Trading Surplus	-	A	1,324
Contribution from MEP	-	B	21,400
Bank Interest Gross	-	C	1
Fixed assets	8,900	D	-
Total receipts	8,900		22,725
Payments			
Administrators' Fees			15,000
Payroll Bureau Fees			557
Postage & Redirection			260
Statutory Advertising			85
Bank Charges			13
Total payments			15,915
Balance			6,811
Made up of:			
VAT Receivable	E		3,128
I/B Current A/c	C		3,682
Balance in hand			6,811

Notes to receipts and payments account

- A - The receipts to trade BIM are the funds that were transferred to BIM to cover the staff wages.
- B - The receipt of these funds are from MEP and are to cover the Administrator's fees and general costs of the administration as detailed on page 6.
- C - All funds have been banked in an interest bearing bank account.
- D - These relate to property improvements, which have no realisable value.
- E - All sums shown are net of VAT, which is recoverable/payable and will be accounted for to HM Revenue & Customs in due course.

BIM Joint Administrators' trading account 18 October 2016 to 17 April 2017

E	To date	Estimated future movements	Estimated outcome
Receipts			
Receipts to trade from MEP	16,461	-	16,461
Total receipts	16,461	-	16,461
Payments			
Salaries	15,137	-	15,137
Total payments	15,137	-	15,137
Trading surplus	1,324	-	1,324



Progress of the administration Pre-administration costs

Pre appointment costs
Our pre-administration costs have been approved by the Secured Creditors of the Companies.

MEP and BIM Pre-administration costs

Party	Amount (£)	Approval date	Date paid
Administrators time costs	66,900	23/03/2017	-
Administrators travel	964	23/03/2017	-
Administration accommodation	1,310	23/03/2017	-
Legal	15,000	23/03/2017	-
Total approved	84,174	-	-
Total paid	-	-	-

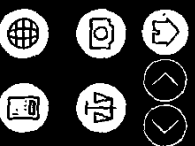
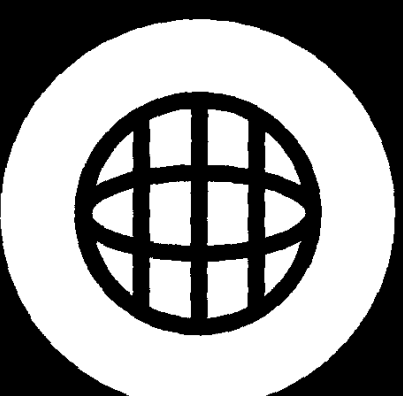




Information for creditors

Information for Creditors

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Information for creditors Outcome

Secured Creditors

A-Belco, A-Belco (Holdings) Limited, MEP, BIM and Opsol Limited ("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 of which £41k has been drawn.

The sum of £126.5k has been distributed to CIFL from MEP as shown in the receipts and payment account on page 7. CIFL has been paid in full from Group realisations.

Based on current asset realisations we do not expect Lloyds to be paid in full.

Preferential creditors

Any surplus funds will be used to enable a distribution to preferential creditors. We currently anticipate that preferential creditors will be paid in full.

Preferential creditors will receive formal notifications in relation to any update regarding their claims.

Prescribed Part and unsecured creditors

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

We have not yet agreed the unsecured creditor claims, however, this process will commence shortly.

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, unless you wish to vote in this decision, or any other, decision procedure in which case proof of claim must be given.

We will notify you if funds become available for dividend purposes. Your claim will be admitted in the amount shown in each 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 3, marked for the attention of Hena Virdee at e-mail hvirdee@deloitte.co.uk.

Extensions to the administration

We do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 18 October 2017.

However, if it becomes apparent that an extension is required in due course, we will notify creditors of such actions and provide an updated progress report at that time.

Exit

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

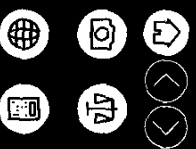
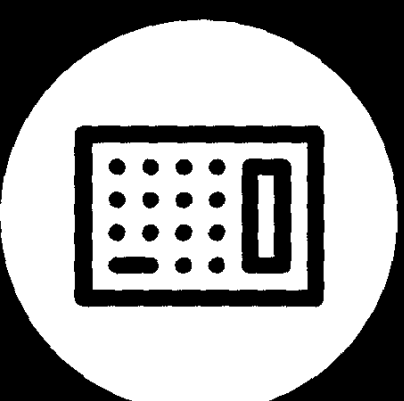




Remuneration and expenses

Joint Administrators' remuneration

14



Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

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

www.deloitte.com/uk/mepsolutionsandmepbimsolutions

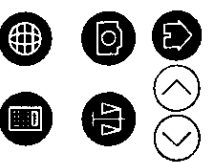
Should you require a paper copy, please send your request in writing to us at the address on Page 1 of this report and this will be provided to you at no cost.

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 £85k in MEP and £15k in BIM against the agreed set fee of £200k and £50k respectively.



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 estate and was given by on 23 March 2017.

Mileage is calculated at the prevailing standard mileage 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 Category 1 disbursements	
£ (net)	Incurred in the Period and currently unpaid
Accommodation	2,451
Subsistence	705
Telephone	72
Bordereau	230
Stationary	388
Postage/Couriers	912
Travel	441
Total expenses	5,199
MEP Category 2 disbursements	
£ (net)	Incurred in the Period and currently unpaid
Mileage	1,956
Website	250
Total disbursements	2,206

BIM Category 1 disbursements

£ (net)	Incurred in the Period and currently unpaid
Bordereau	230
Statutory advertising	85
Postage/Couriers	260
Total expenses	575

BIM Category 2 disbursements

£ (net)	Incurred in the Period and currently unpaid
Website	250
Total disbursements	250

Creditors' right to request information

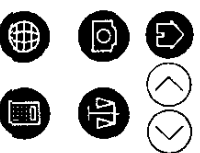
Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must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





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