

In accordance with Rule 18.7 of the Insolvency (England & Wales) Rules 2016 and Sections 92A, 104A and 192 of the Insolvency Act 1986.

LIQ03

Notice of progress report in voluntary winding up



Companies House

TUESDAY



A21 *A81274D5* #196
12/03/2019
COMPANIES HOUSE

1 Company details

Company number 0 4 4 0 8 7 5 5

Company name in full Merit Merrell Technology Limited

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

2 Liquidator's name

Full forename(s) Neil

Surname Matthews

3 Liquidator's address

Building name/number 17th Floor, Cale Cross House

Street Pilgrim Street

Post town Newcastle upon Tyne

County/Region

Postcode N E 1 6 S U

Country

4 Liquidator's name

Full forename(s)

Surname

Other liquidator
Use this section to tell us about another liquidator.

5 Liquidator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

Other liquidator
Use this section to tell us about another liquidator.

LIQ03

Notice of progress report in voluntary winding up

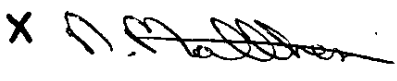
6 Period of progress report

From date	^d 0	^d 3	^m 0	^m 3	^y 2	^y 0	^y 1	^y 7	
To date	^d 0	^d 2	^m 0	^m 3	^y 2	^y 0	^y 1	^y 9	

7 Progress report

<input checked="" type="checkbox"/> The progress report is attached	
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8 Sign and date

Liquidator's signature	Signature								
X		X							
Signature date	^d 1	^d 1	^m 0	^m 3	^y 2	^y 0	^y 1	^y 9	

LIQ03

Notice of progress report in voluntary winding up



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 **Neil Matthews**

Company name **Leather Matthews Restructuring
LLP**

Address **2nd Floor
2 Collingwood Street**

Post town **Newcastle upon Tyne**

Country/Region

Postcode **N E 1 1 J F**

Country

DX

Telephone **0191 224 6760**



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

Merit Merrell Technology Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £	From 03/03/2017 To 02/03/2019 £	From 03/03/2017 To 02/03/2019 £
	ASSET REALISATIONS	
	266,924.78	266,924.78
	2,047,170.00	2,047,170.00
	1,400,000.00	1,400,000.00
	5,000.00	5,000.00
19,763.19	19,770.64	19,770.64
	140,046.99	140,046.99
	<u>3,878,912.41</u>	<u>3,878,912.41</u>
	COST OF REALISATIONS	
	1,840.00	1,840.00
	1,300.00	1,300.00
	1,700.00	1,700.00
	35,000.00	35,000.00
	79.50	79.50
	311.85	311.85
	2,400,889.65	2,400,889.65
	240.45	240.45
	8.88	8.88
	<u>(2,441,370.33)</u>	<u>(2,441,370.33)</u>
	UNSECURED CREDITORS	
(3,435,680.74)	878,813.05	878,813.05
	<u>(878,813.05)</u>	<u>(878,813.05)</u>
	DISTRIBUTIONS	
(500.00)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(3,416,417.55)</u>	<u>558,729.03</u>	<u>558,729.03</u>
	REPRESENTED BY	
		5,608.27
		9,516.79
		543,603.97
		<u>558,729.03</u>

Note:

Neil Matthews
Liquidator

**MERIT MERRELL TECHNOLOGY LIMITED (IN LIQUIDATION)
("the Company")**

**PROGRESS REPORT TO CREDITORS PURSUANT TO RULES 18.3 AND 18.7
OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016 ("the Rules")**

11 March 2019

Disclaimer Notice

- This report has been prepared for the sole purpose of updating the Creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.
- Neil Matthews was appointed Liquidator of Merit Merrell Technology Limited on 3 March 2017. The affairs, business and property of the Company are managed by the Liquidator. The Liquidator acts as agent for the Company and contracts without personal liability. The appointment of the Liquidator is personal to him and, to the fullest extent permitted by law, Leather Matthews Restructuring LLP does not assume any responsibility and will not accept any liability to any person in respect of the conduct of the Liquidation.
- Neil Matthews is licensed in the UK to act as an Insolvency Practitioner.

**Neil Matthews
Leather Matthews Restructuring LLP
First Floor
2 Collingwood Street
Newcastle upon Tyne
NE1 1JF**

INTRODUCTION

Introduction

This report has been prepared in accordance with Rules 18.3 and 18.7 of the Rules to provide creditors with an update on the progress of the Liquidation since the Liquidator's last report to creditors dated 8 March 2018.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

Details of the appointment of the Liquidator

I was appointed Liquidator of the Company by a general meeting of the Member on 3 March 2017 and my appointment was subsequently ratified by a meeting of creditors later on the same day.

LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT

Attached at Appendix 2 is a Receipts and Payments account covering the period from 3 March 2017 to 2 March 2019.

In this section, I have summarised the progress made during the period since my last report.

STEPS TAKEN DURING THE PERIOD

Realisation of assets

Book debts and work in progress

The Company's records indicated that there was one outstanding book debt and one contract in progress at the date of the liquidation and these both related to contracts with Imperial Chemical Industries Limited ("ICI"). The Statement of Affairs indicated that the book value of the book debt was £888,109 with an estimated to realise figure of £488,109 and the work in progress had a book value of £613,799 with an estimated to realise value of £213,799.

As set out in my last report, the Liquidator had instigated legal action to recover the sums due under one of these contracts together with interest and costs. The legal action was heard in the High Court in London in April 2018 and in June 2018 judgement was handed down by the Court resulting in the following payment from ICI to the Company:-

	£
Book debt	80,924.78
Contract Counterclaim	2,047,170.00
Costs awarded by the Court	1,400,000.00
Interest	<u>140,046.99</u>
Total	<u>3,668,141.77</u>

The other debt was eventually settled by ICI in February 2019 and the sum of £186,000 was paid together with a contribution to costs of £5,000.

In addition to the above there is a debt due from Bouygues UK Limited of £68,125.24 which is still being pursued by the Liquidator's lawyer. Bouygues UK Limited have

claimed that there are defects associated with the contract involved although they had not provided any substantiation of their counterclaim until recently when details were supplied in response to the threat of the issue of a Winding Up Petition against Bouygues UK Limited. The Liquidator's lawyer is continuing to correspond with them in order to get this matter resolved.

Liquidator's Payments

Significant payments have been made in relation to the litigation costs associated with the ICI case. Payments totalling £2,400,889.65 were made to Mills & Co, the lawyers acting for the Liquidator, and these payments were used by Mills & Co to pay the numerous expert witnesses and professional advisers involved in the case.

The other payments are self-explanatory and are set out in the Liquidator's receipts and payments account attached at Appendix 2.

DISTRIBUTION TO CREDITORS

Secured Creditors

Santander UK PLC ("the Bank") holds a debenture dated 31 May 2016 giving it a fixed and floating charge over all of the assets of the Company.

The Bank was not owed any money at the date of the Liquidator's appointment.

Preferential Creditors

These relate to specific employee wage arrears, holiday pay and certain pension contributions and are paid in priority to unsecured creditors out of net floating charge realisations before the Prescribed Part and before payment to the secured floating chargeholder.

The Company had no employees at the date of liquidation and there are therefore no preferential creditors.

Unsecured Creditors

The Statement of Affairs indicates that there was only one unsecured creditor, being Merit Holdings Limited ("MHL"), the parent company, with a debt of £3,435,681. This debt has now increased to £4,412,739.60 as a result of further sums due to MHL for pre-liquidation costs incurred by MHL not previously recharged to the Company.

Prior to the Liquidator's appointment a proof of debt was lodged by ICI for the sum of £16,900,000. This was rejected by the Chairman at the meeting of creditors and, following the conclusion of the litigation referred to above, this claim has been reduced to zero.

To date distributions totalling £878,813.05 have been paid to the unsecured creditor and further sums will be paid prior to conclusion of the liquidation.

The Prescribed Part

The Prescribed Part is not relevant in this particular case as there is no debt due to the Secured Creditor and all of the net property is available for the unsecured creditors after settlement of the liquidation costs.

OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

Investigations

The Liquidator has concluded his investigations into the conduct of the Directors of the Company. In accordance with the statutory provisions of the Company Directors Disqualification Act 1986 the Liquidator submitted his report to the DBERR on 31 May 2017.

The contents of this report are confidential and cannot be disclosed to the creditors of the Company.

SIP13 (E&W) – Transactions with connected parties

In accordance with SIP13, we confirm that there have been no transactions with connected parties in the period.

EC Regulations

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

Complaints

Creditors can now complain to a single Complaints Gateway and complaints may be made either by:

- calling the Insolvency Service Enquiry Line on 0845 602 9848 (Monday to Friday 8am to 5pm), or
- completing and emailing the online complaints form on the Insolvency Service website, "<http://www.insolvencydirect.bis.gov.uk/contactus/ipcomplaint/complaintform.htm>" or
- completing the online complaints form and posting it to: IP Complaints, Insolvency Service, 3rd Floor, 1 City Walk, Leeds, LS11 9DA.

For more details, please visit: "<https://www.gov.uk/complain-about-insolvency-practitioner>"

How to complain about the Insolvency Practitioner and using the Complaints Gateway may be found at "<https://www.gov.uk/government/publications/insolvency-practitioners-guidance-for-those-who-want-to-complain>"

Insolvency Code of Ethics

The Liquidator can confirm that he is bound by the Insolvency Code of Ethics.

LIQUIDATOR'S REMUNERATION AND EXPENSES

Liquidator's Remuneration

The basis of the Liquidator's remuneration was approved by the creditors by resolutions dated 31 March 2017. The resolutions were as follows:-

- 1 That the Liquidator's fee for undertaking work in respect of the Liquidation as described in the accompanying report prepared in connection with fee approval will be charged as a fixed fee of £20,000 plus expenses plus VAT.

2. That the Liquidator be permitted to recover category 2 disbursements as described in the report as per my attached letter.

The Liquidator has subsequently requested and obtained agreement from the unsecured creditors to an increase in the fixed fee to £45,000 plus expenses plus VAT. Agreement was given on 19 October 2018.

The Liquidator's total time costs to date are £50,517.50 consisting of 173.0 hours at an average hourly rate of £292.01; time is charged at six minute increments. Fees of £40,000 have been drawn to date. Of this sum, £35,000 has been drawn out of the funds held in the liquidation and £5,000 has been paid by Merit Holdings Limited.

The Liquidator's time costs for the year to 2 March 2019 totalled £18,355.00 consisting of 64.8 hours at an average hourly rate of £283.26.

The Liquidator's time costs for the Liquidation are detailed at Appendix 3. The work has been categorised into the following task headings and sub categories

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashiering and accounting.
- **Case specific matters** includes corporation tax and VAT matters.
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims.
- **Investigations** includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors.
- **Realisation of assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, collection of debts and realisation of other fixed assets.

As required by SIP9 (E&W) – Remuneration of Insolvency Office Holders England and Wales – a “Creditors’ Guide to Liquidators’ Fees” is available for download at <http://www.r3.org.uk>. Should creditors require a paper copy, please send a request in writing to the Liquidator at the address on the front of this letter and this will be provided at no cost.

Disbursements

The Liquidator has incurred and drawn direct disbursements as set out below:-

	03/03/2017 to 2/3/2018 £	03/03/2018 to 2/3/2019 £	Total £
Mileage	6.85	0.00	6.85
Postage	0.00	13.15	13.15
Train fare	0.00	287.30	287.30
Parking	0.00	11.25	11.25
Subsistence	0.00	2.04	2.04
	<u>6.85</u>	<u>313.74</u>	<u>320.59</u>

Charge out rates

The range of charge out rates for the separate categories of staff is based on our charge out rates as summarised below. Manager rates include all grades of assistant manager:

Grade	£
Partners	125 to 300
Managers	125 to 200
Assistants and Support Staff	20 to 100

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Other professional costs

As indicated above, the Liquidator has paid £2,400,889.65 to Mills & Co, the lawyers who dealt with the legal action against ICI and these payments were used by Mills & Co to pay the numerous expert witnesses and professional advisers involved in the case.

There will be further costs to pay to Mills & Co as well as to Deloitte LLP who are dealing with the preparation of tax computations on behalf of the Liquidator. The quantum of these further costs are not known at this time.

Pre-appointment costs

At the meeting of creditors held on 3 March 2017 the creditors approved the following resolution in relation to pre-liquidation costs:-

“That payment shall be made out of the Company’s assets as an expense of the liquidation of the necessary expense of preparing the Statement of Affairs in the sum of £1,300, the costs of convening the statutory meetings of £1,700 plus VAT thereon together with reimbursement of disbursements of £79.50 incurred in statutory advertisements plus VAT.

Pre-liquidation costs are defined as the remuneration charged and expenses incurred by the Liquidator (or other person qualified to act as such) before the company entered into Liquidation but with a view to its doing so. The Liquidator was involved in advising the Company and the Shareholder in the period immediately prior to the Liquidation.

The above amounts have been paid to the Liquidator as set out in the attached receipts and payments account.

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 the Liquidator to provide additional information regarding remuneration or expenses to that already supplied within this document. 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), challenging the amount or the basis of the remuneration which the Liquidator is entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt of this report, in accordance with Rule 18.34 of the Rules.

MERIT MERRELL TECHNOLOGY LIMITED – IN LIQUIDATION
SCHEDULE OF STATUTORY INFORMATION

Registered Number:	4408755	
Date of Incorporation:	8 September 2004	
Registered Office:	First Floor 2 Collingwood Street Newcastle upon Tyne NE1 1JF	
Trading Address:	3 Silverton Court Northumberland Business Park Cramlington Northumberland NE23 7RY	
Directors:	<i>Name</i>	<i>Appointed</i>
	Christopher Berriman	1 December 2002
	Anthony Wells	22 May 2002
	Matthew McGrady	18 April 2010
Company Secretary:	Nicola Berriman	1 December 2002
Shareholder:	Merit Holdings Limited	500 Ordinary shares of £1 each
Debenture:	Santander UK PLC 52 Fawcett Street Sunderland Tyne & Wear SR1 1SB	Debenture dated 31 May 2016 Giving a fixed and floating charge Over the assets of the company

Appendix 2

MERIT MERRELL TECHNOLOGY LIMITED - IN LIQUIDATION

LIQUIDATOR'S RECEIPTS AND PAYMENTS				
	Statement of Affairs £	03-Mar-17 to 2 Mar 18 £	03-Mar-18 to 2 Mar 19 £	Total £
Receipts				
Book debts	488,109	0.00	266,924.78	266,924.78
Contract Counterclaim		0.00	2,047,170.00	2,047,170.00
Costs awarded by Court		0.00	1,400,000.00	1,400,000.00
Contribution to costs		0.00	5,000.00	5,000.00
Work in progress	213,799	0.00	0.00	0.00
Cash at Bank	19,763	19,770.64	0.00	19,770.64
Bank interest		0.00	140,046.99	140,046.99
		<u>19,770.64</u>	<u>3,859,141.77</u>	<u>3,878,912.41</u>
Payments				
Preparation of Statement of Affairs		1,300.00	0.00	1,300.00
Pre-appointment Liquidator's Fees		1,700.00		1,700.00
Pre-appointment Liquidator's Expenses		79.50		79.50
Liquidator's Fees		11,205.00	23,795.00	35,000.00
Liquidator's Expenses		6.85	305.00	311.85
Legal fees		0.00	2,400,889.65	2,400,889.65
Statutory advertising		159.00	81.45	240.45
Specific Bond		70.00	1,770.00	1,840.00
Bank charges		2.58	6.30	8.88
Unsecured creditors		0.00	878,813.05	878,813.05
VAT Receivable		2,890.07	2,718.20	5,608.27
		<u>17,413.00</u>	<u>3,305,488.58</u>	<u>3,325,791.65</u>
Cash in Bank		<u>2,357.64</u>	<u>553,653.19</u>	<u>553,120.76</u>

MERIT MERRELL TECHNOLOGY LIMITED

LIQUIDATOR'S TOTAL TIME COSTS FOR THE PERIOD FROM 3 MARCH 2017 TO 2 MARCH 2019

	Partners		Managers		Administrative support		Total	
	Hours	Cost (€)	Hours	Cost (€)	Hours	Cost (€)	Hours	Cost (€)
Administration and Planning								
Initial actions (notification of appointment, securing assets	7.60	2,280.00					7.60	2,280.00
Cashiering and Statutory Filing	9.10	1,347.50					9.10	1,347.50
Case supervision, management and closure	5.70	1,710.00					5.70	1,710.00
Meetings with Directors	4.30	1,290.00					4.30	1,290.00
Fee preparation	6.20	1,860.00					6.20	1,860.00
Shareholders - communication	22.60	6,780.00					22.60	6,780.00
	55.50	15,267.50	0.00	0.00	0.00	0.00	55.50	15,267.50
Realisation of Assets								
Identifying, securing and insuring	0.20	60.00					0.20	60.00
Cash at bank or in hand	0.40	120.00					0.40	120.00
Other assets	0.80	240.00					0.80	240.00
Book debts	3.40	1,020.00					3.40	1,020.00
	4.80	1,440.00	0.00	0.00	0.00	0.00	4.80	1,440.00
Creditors								
Unsecured creditors	77.90	23,370.00					77.90	23,370.00
Statutory reporting to creditors	10.40	3,120.00					10.40	3,120.00
	88.30	26,490.00	0.00	0.00	0.00	0.00	88.30	26,490.00
Investigations								
Investigations	12.40	3,720.00					12.40	3,720.00
CDDA reports	3.80	1,140.00					3.80	1,140.00
	16.20	4,860.00	0.00	0.00	0.00	0.00	16.20	4,860.00
Other Matters								
Litigation	0.80	240.00					0.80	240.00
Tax & VAT	7.40	2,220.00					7.40	2,220.00
	8.20	2,460.00	0.00	0.00	0.00	0.00	8.20	2,460.00
TOTAL HOURS & COST	173.00	50,517.50	0.00	0.00	0.00	0.00	173.00	50,517.50
TOTAL FEES DRAWN TO DATE								40,000.00

MERIT MERRELL TECHNOLOGY LIMITED

LIQUIDATOR'S TIME COSTS FOR THE PERIOD FROM 3 MARCH 2018 TO 2 MARCH 2019

	Partners		Managers		Assistant Liquidator		TOTAL		Average hourly Rates Cost (£)	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)
Administration and Planning										
Cashiering and Statutory Filing	7.40	1,135.00					7.40	1,135.00		153.38
Case supervision, management and closure	2.50	750.00					2.50	750.00		300.00
Fee preparation	4.80	1,440.00					4.80	1,440.00		300.00
Shareholders - communication	9.80	2,940.00					9.80	2,940.00		300.00
	24.50	6,265.00	0.00	0.00	0.00	0.00	24.50	6,265.00		255.71
Realisation of Assets										
Identifying, securing and insuring	0.20	60.00					0.20	60.00		300.00
Other assets	0.40	120.00					0.40	120.00		300.00
Book debts	1.50	450.00					1.50	450.00		300.00
	2.10	630.00	0.00	0.00	0.00	0.00	2.10	630.00		300.00
Creditors										
Unsecured creditors	27.00	8,100.00					27.00	8,100.00		300.00
Statutory reporting to creditors	5.00	1,500.00					5.00	1,500.00		300.00
	32.00	9,600.00	0.00	0.00	0.00	0.00	32.00	9,600.00		300.00
Other Matters										
Tax & VAT	6.20	1,860.00					6.20	1,860.00		300.00
	6.20	1,860.00	0.00	0.00	0.00	0.00	6.20	1,860.00		300.00
TOTAL HOURS & COST	64.80	18,355.00	0.00	0.00	0.00	0.00	64.80	18,355.00		283.26

23,795.00

TOTAL FEES DRAWN IN THE PERIOD