



MTB Equipment Limited

Background

MTB Equipment, based in Deeside, was a well established manufacturer of coach and minibus seating, including Fainsa seats under licence from the Spanish owner. Trading had become increasingly difficult due to fierce competition and the accumulated losses over the previous two years were in excess of £1m and had been funded by sales of land, government grants and firm working capital management.

Towards the end of 2007, the Plaxtons account which represented 40% of sales was lost due to the withdrawal of the Fainsa manufacturing licence – the Spanish owner had decided to sell directly to Plaxtons. Severe cash flow pressure is bound to follow any loss of turnover of this magnitude. MTB Equipment was no exception and as a result of restrictions of supplies, the vital Darwen account was lost in February 2008. Together Plaxtons and Darwen represented 100% of the coach seating business and 70% of total annual turnover.

MCR Involvement

This combination of events was a hammer blow for MTB Equipment and a re-forecast indicated that an immediate £300,000 was needed to avoid insolvency. By this stage both Royal Bank Invoice Finance and the Bank itself were fully drawn, tax arrears were mounting and MTB Equipment was on stop with all the major suppliers negating any possibility of further funding. By the time MCR were involved production had effectively ceased and most staff had already left the site. Given the catastrophic loss of all the coach seating business, insolvency was unavoidable and David Whitehouse and Philip Duffy were appointed as Administrative Receivers on 4th February 2008, under the pre-Enterprise Act charge held by the company's bankers.



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The intended strategy of trading the business for up to four weeks whilst seeking a buyer was abandoned, given the virtual closure of the business already. Likely trading losses were estimated at £40,000 and an additional £80,000 of funding would be needed. The decision was therefore made to seek a rapid sale. Enquiries resulted in only one viable offer and the business and assets were sold for £20,000 on 6th February to Prime Passenger Seating, a newco formed by previous management. Valuers confirmed £20,000 to be a fair value and greater than would be achieved on the break up and sale of the assets. Some of the former staff were re-employed and the newco agreed to assist in the MTB sales ledger collect out. Total book debt collections fully repaid RBIF's invoice discounting facility leaving a surplus for other creditors. The property was sold separately for £1.1m, which together with other realisations, was sufficient to repay the Bank mortgage.

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Client Testimonial

"Given the business had to all intents and purposes already closed when MCR was appointed as Administrative Receivers, the eventual sale of the business and the property, resulting in the full recovery of both our mortgage and invoice discounting facilities, is regarded as an excellent outcome for our group, the business and those staff who have been re-employed."

Risk Officer - Invoice Discounting Company

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FOR FURTHER ASSISTANCE, PLEASE CONTACT

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