



Project Thomas

Background

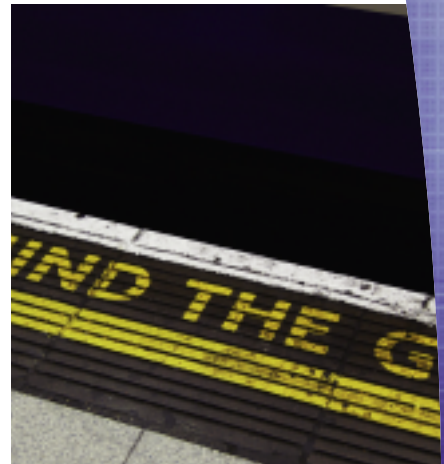
The MCR Business Consulting service provides not only a full range of assessment and investigatory services but is also willing to provide an ongoing monitoring service to assist companies in the efficient management their cash flow during critical periods. Project Thomas represents a good example of the positive effect which can be delivered through the early involvement of MCR's full consulting service.

At the end of 2007, Project Thomas was acquired from the Administrators of its predecessor company through a pre-packaged sale. This was in order to preserve corporate value and to reduce the risk of erosion of the highly contractual book debt in the division providing highly skilled workers to the rail sector and which represents the largest group activity. Project Thomas also has a specialised railway plant hire division. Annual turnover was projected to reach c. £18m.

MCR Involvement

As CIS accreditation was not secured for six months, cash-flow was strained from the outset of trading due to the payment of contractor invoices net of NI. Additionally, one large debtor delayed payment removing in excess of £200k from the cashflow. By summer 2008, management were projecting a cash-flow shortfall of c. £250k. Sensitised on a worst case basis this shortfall worsened to £0.75m. As the ABL was not prepared to contemplate any further overadvances, MCR was asked to assess the business and monitor the cash position closely against agreed forecasts.

MCR undertook a thorough review of the ongoing forecasts including a detailed analysis of all proposed payments and anticipated receipts. This was strengthened by a thorough assessment of the customer contracts by a specialist surveyor to ascertain the reliability of the debtor receipt forecasts. On an ongoing basis, MCR conducted a daily review of cash-flow to enable management to confirm that day's proposed payments were in line with forecast and regarded as essential. Management would then request an appropriate advance from the ABL.



We believe that Project Thomas represents a good example of the positive effect which can be delivered through the early involvement of our full consulting service



Outcome

The close monitoring of the cashflow enabled the Project Thomas management to manage their working capital with much greater efficiency. As a result, the reliance on the ABL funding has reduced by over 30% in four months. Regrettably, the trading performance of the business has continued to deteriorate and an intransigent stance by HMRC has added greater the pressure. MCR continue to provide support to management and plans are in place to respond appropriately to any further worsening of the company's financial situation.

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Client Testimonial

"We are pleased that MCR Business Consulting have been able to work closely with Project Thomas management to ensure that appropriate responses, sensitive to the requirements of our ABL facility, have been made".

Director - ABL Funder

"We are pleased that MCR Business Consulting have been able to work closely with Project Thomas management"

FOR FURTHER ASSISTANCE, PLEASE CONTACT

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