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Joint liquidators' progress report  
from 19 October 2018 to 18 October  
2019

***MP & Silva Limited***  
(in liquidation)

12 December 2019

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

<b>Abbreviation or definition</b>	<b>Meaning</b>
Advance Payments	Payments made by customers for sports rights in advance of the actual tournament concerned
Company	MP & Silva Limited- in Compulsory Liquidation
HMRC	HM Revenue & Customs, the UK government's agency concerned with collecting taxes
Insolvency Service	An executive agency of the Department for Business, Energy and Industrial Strategy responsible for administering compulsory liquidations
IR16	Insolvency (England and Wales) Rules 2016
IA 86	The Insolvency Act 1986
ISA	Insolvency Services Accounts – a bank account maintained with the Bank of England typically used for all receipts and payments of Company assets in a compulsory liquidation.
Joint Liquidators/we	Zelf Hussain and Michael John Andrew Jervis
Member	A shareholder of the Company, in this instance the Company is a wholly owned subsidiary of MP & Silva Holdings SA, a Luxembourg company.
Official Receiver	A civil servant of the Insolvency Service and officer of the court, who manages at least the initial stages of a compulsory liquidation and undertakes an investigation into the conduct of its directors
Preferential Creditors	Creditors with claims for: <ol style="list-style-type: none"><li>1. unpaid wages for the whole or any part of the period of four months before 17 October 2018 (up to a maximum of £800);</li><li>2. accrued holiday pay for any period before 17 October 2018; and</li><li>3. unpaid pension contributions in certain circumstances</li></ol>
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003. In this instance the Company had not granted a floating charge and therefore the prescribed part is not relevant.
PwC	PricewaterhouseCoopers LLP
RPS	Redundancy Payments Service (part of the Insolvency Service, an executive agency of the Department for Business, Energy & Industrial Strategy)
Secured Creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Winding up order	The court order dated 17 October 2018 placing the Company into liquidation
Unsecured Creditors	Creditors who are neither secured nor preferential

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# Key messages

## Why we've sent you this report

We are writing to update you on the progress of the liquidation of the Company in the 12 months since our appointment as Joint Liquidators and 6 months since our Initial progress report.

On 7 June 2019, we circulated a Remuneration Report to all creditors setting out our initial strategy and progress, detailing the work to be carried over and estimated expenses for the liquidation. You can view a copy of our Remuneration Report on our website at <https://www.pwc.co.uk/mpsilva>.

## How much creditors may receive

The following table summarises the possible outcome for creditors\*, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured creditors	N/A	N/A
Preferential creditors (now paid)	100 p/£	100 p/£
Unsecured creditors	2%-21%	2%-21%

*\*Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

There are no known secured creditors of the Company. A dividend of 100p in the £ was paid to all known Preferential Creditors during the period.

There is considerable uncertainty over the level of dividend that will eventually be payable to Unsecured Creditors. The key matters which could materially impact this are :

- Whether the Advanced Payments monies are an asset of the liquidation estate or are bound in trust to certain creditors only;
- The degree to which FIFA and other contractual claims are mitigated;
- The results of HMRC's ongoing tax investigation; and
- The duration of the liquidation and the eventual level of costs

We have considered whether an interim dividend should be paid, but have concluded that the size of the reserves we would have to make would mean only a very small dividend could be paid at this time. We will move to pay an interim dividend once one or more of the above matters are more certain.

## What you need to do

We have asked for outstanding claims from Unsecured Creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A proof of debt form can be downloaded from our website at <https://www.pwc.co.uk/mpsilva> or you can get one by telephoning Syed Shah on 0113 289 4314.

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

An Unsecured Creditor who we decide is not required to submit a proof of debt will be notified, when we deliver notice of our intention to pay a dividend, of the amount we'll treat as their admitted debt for the purpose of the dividend. Such a creditor will then have an opportunity to advise us if the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the liquidation or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes. Please note a decision procedure has not been requested within this document.

The claims of former employees as Preferential Creditors have been paid in full and we will be writing separately to former employees to agree their Unsecured Claims.

This report is for your information and, unless you need to submit a claim, there is no action required.

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# *Background and overview of what we've done to date*

This is our first progress report to the Member and unsecured creditors.

## *Circumstances leading to the Winding Up Order*

We summarise below the Company's background and reasons for its insolvency:

- The Company acquired and sold sports media rights around the world with the assistance of group companies which had offices around the world.
- The Company was facing severe cash flow difficulties in the period leading up to the making of the Winding up order. It is understood that following a change of ownership several years previously, business activity became less profitable and the ultimate parent company was unable to provide further working capital for the Company.
- The Company was unable to meet a contractual liability due to Fédération Française de Tennis which consequently commenced proceedings by presenting a winding up petition to the High Court on 24 August 2018. The petitioning creditor's debt of €5,625,000, was the final instalment due under a distribution rights agreement in respect of the Roland-Garros tennis tournament.
- The winding up order was granted by the High Court at a hearing held on 17 October 2018. The Company was not represented at the hearing.

PwC was instructed by the Company in June 2018 to review options and provide advice to the Company in the face of severe cash flow difficulties being experienced by the Company and the wider MP & Silva group. On becoming aware of the presentation of the Winding up petition in August 2018 and in the expectation that a Winding up order could follow, we began contingency planning to assist the Official Receiver with the liquidation, including the possibility of a swift appointment of a liquidator, which given our knowledge of the Company seemed appropriate.

On the making of the Winding up order, the Official Receiver assumed responsibility for the liquidation proceedings. In circumstances where a wound up company may have assets, the Official Receiver would usually seek the appointment of an insolvency practitioner from its rota to undertake the role as liquidator.

Given our prior involvement with the Company, we approached the Secretary of State with the suggestion that he use his statutory powers to appoint us as Joint Liquidators, a suggestion that was supported by two significant creditors. This suggestion was approved by the Secretary of State who appointed us as Joint Liquidators with effect from 19 October 2018.

While we are now the Joint Liquidators of the Company, we are still under an obligation to assist the Official Receiver with its inquiries.

## *Overview of liquidators' actions to date.*

We summarise below the liquidation actions and progress to date. More details on these matters is provided in the section "Progress in the period".

- We gained access to the Company's premises and secured the assets and records held there.
- All staff had left the Company due to unpaid wages, but we were able to establish some contact and engaged two former staff members on a consultancy basis.
- We instructed our technology and data experts to secure and retrieve records both at the Company's premises and held by third party suppliers.
- We secured cash balances held in various bank accounts.
- We investigated the circumstances around the Advance Payments monies, took legal advice and established dialogue with the largest affected creditor.

- We contacted other group companies to establish their status and to try and agree intercompany claims.
- We reconstructed the debtor's ledger and chased debtors for amounts owed.
- We circulated a Remuneration Report to creditors and obtained the appointment of a liquidation committee, the committee has met with the Joint Liquidators to consider the liquidation strategy and approve the basis of the Joint Liquidators' fees.
- Investigated the Company's pre liquidation transactions.
- Assisted HMRC with an ongoing tax investigation.
- Dealt with numerous creditor queries, many from overseas.

# *Outcome for creditors*

## *Secured creditors*

There were no Secured Creditors as at the date of the Winding Up Order.

## *Preferential creditors (mainly employees)*

We paid Preferential Creditors in full on 31 July 2019.

## *Unsecured creditors*

Dividends become available for Unsecured Creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for Secured Creditors may be ring-fenced for the benefit of Unsecured Creditors. This Prescribed part is paid out of 'net property', which are floating charge realisations after costs, and after paying - or setting aside enough to pay - Preferential Creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003. In this instance, whilst an outstanding charge does exist, this has no floating charge aspect and therefore does not trigger the Prescribed Part.

We think a dividend of about 2-21% will be paid to the Unsecured Creditors based on what we know currently.

The range of the dividend estimate is primarily caused by two factors discussed in more detail later, being the prospect of certain claims being mitigated to reduce the overall amount; and current uncertainty over the extent of the Company's assets (i.e. whether this should include the Advanced Monies).

We've calculated this on the estimate of the Unsecured Creditors that have come forward to date and a review of the limited Company accounting records we have access to.



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## *Progress in the period*

Following our appointment, it quickly became apparent that liquidating the Company's assets was going to be made significantly more difficult than usual as a result of a number of specific issues, which we explain below. In summary, after a small delay while we gained access to the Company's office, we attended the office and found that:

- The Company had ceased trading some months earlier;
- The Company's employees, including the management team, had not received their wages for a month or more and had all stopped coming to work;
- One other group company based in Monaco had also gone into liquidation;
- The up to date financial position of the Company was not available;
- Management was to a limited extent, able to assist us in identifying and securing the assets, or ensuring we had complete details of the creditors of the Company;
- Accessibility to records was compromised as third party contractors would not allow access until outstanding costs were paid;
- The only remaining director of the Company, a Chinese national who is believed to have been residing abroad throughout the period of the liquidation, was unable to assist us; and
- The Company's sole shareholder, a company incorporated in Luxembourg, and its board of directors were similarly unable to assist us

To assist us in establishing the financial position of the Company, we engaged two former members of staff on a short term consultancy basis to help gather and secure information. These consultancies have now finished.

### *Realisation of assets*

As discussed before, the pre-liquidation group management was unable to assist the Joint Liquidators. As a result we have been required to establish information about the Company's assets and liabilities from various other sources. We also experienced unique difficulties in realizing assets due to the complex group structure of the Company; the majority of employees leaving before our appointment; and various non-UK jurisdictions in which assets were located. The work carried out by the Joint Liquidators and the assets we've been able to identify so far are summarised below.

### *Cash at bank*

Following our appointment we made contact with HSBC and Barclays to request the funds held by them in accounts maintained for the Company. The process to notify the banks of our appointment was completed quickly however the transfer was delayed due to bank processes. This has now been achieved.

As the Company is subject to a court driven compulsory liquidation, the ISA would ordinarily hold all cash realisations (in UK£) achieved by the Joint Liquidators. The aggregate balance paid into the ISA totalled some £5.7m, as disclosed in the attached receipts and payments account.

The funds designated as Advanced Payments are held in three separate non ISA accounts, in their original currencies, being USD(\$); Euro(€); and Japanese Yen(¥). As it is not yet determined that these are estate funds, they are being held separately and we have provided separate receipts and payments accounts for these funds.

### *Book Debts*

The Company had a large number of book debtors from a customer base around the world. At the date of our appointment, the estimated value of book debts (excluding inter-company debtors) was £1,167,825. The debtor profile appears to relate to completed sporting events, but it is possible that some of these invoices have either already been paid, are disputed, or may never be paid because the Company was unable to fulfil its contractual obligations. To date, £238,846.20 has been collected.

Whilst the collection process continues, it is expected to take some time to complete. Where there appears to be no valid reason for non-payment we may instruct lawyers to enforce recovery. To assist with overseas book debt collection and ensure withholding taxes are not deducted from relevant balances, we have obtained a Certificate of UK residence from HMRC.

## *IT equipment and furniture*

Our agent sold some miscellaneous IT equipment and furniture, this realised a total of £7,000 plus VAT.

## *Refunds*

We wrote to the pre appointment insurance and were able to obtain a refund of £ 2,123.51. We are investigating what other refunds may be available, including a possible rates refund.

## *Post-petition disposition*

Under Section 127 of IA86, any payments made from Company accounts after the presentation of a Winding Up petition are void and can be recoverable unless court sanctions otherwise. We have identified a number of transactions which took place after the petition was presented on 24 August 2018 and are exploring legal options to recover this money, where it is beneficial to the liquidation and commercial to do so.

## *Property*

The Company traded from leasehold premises known as Park House, 116 Park Street, London W1K 6AF. The 15 year lease commenced on 29 October 2015 and part of the space leased by the Company was sub-let to another tenant. At the time of our appointment, the landlord held a secured rent deposit of around £1.7M, approximately £1.1M was contributed by the Company (attributable to its lease), with the remaining balance coming from the sub-tenant. In light of the sizeable deposit, we tried to find a suitable assignee for the lease or to negotiate a surrender of the lease to the landlord and a return of the deposit. On 5 March 2019 the landlord re-entered the property and forfeited the lease.

At the date of our appointment, the balance in the specific rent deposit account was £1,170,458.53. Rent for the periods up to forfeiture was deducted from the deposit. The landlord has subsequently purported to offset the remaining deposit balance and we are seeking further information and advice to confirm if this is valid.

## *Advance Payments*

Under the Company's sale contracts it was usual for customers to make certain payments on account for sports rights in advance of the actual tournament concerned taking place. The Joint Liquidators became aware that as the Company's financial distress escalated in the summer of 2018, the Company's management took steps to minimise the receipt of Advance Payments in order to reduce potential creditor claims. One of the steps taken was to transfer some Advanced Payments receipts into separate bank accounts opened for this purpose. The questions therefore arrives on whether these funds form part of the liquidation estate or belong to third parties. Accordingly, these amounts have not been transferred to the ISA, but have instead been transferred into new Barclays accounts under our control (see Cash at bank). This action was taken subject to legal advice and with the approval of the ISA. In total c.£13.4m (c.\$17.1m, c.JPY 14.8m, €0.4m) has therefore been transferred to accounts under the Joint Liquidators' control.

We have carried out extensive searches for underlying transaction documents, bank statements and email correspondence to understand the factual background to the Advance Payments. We have taken legal advice on the appropriate treatment of these monies and our lawyers are in correspondence with the lawyers for a party who may have a claim to the majority of the Advance Payments funds to seek an agreed position. We will continue to investigate whether or not the Advance Payments are an asset of the Company and if necessary, we will seek court directions finally to determine the issue.

## Inter-Group claims

The Company was part of a group of companies that traded throughout the world, undertaking the acquisition and sale of sports media rights. From our investigations the group has had no active shareholder, and very limited director input for some time and all group companies effectively ceased trading last year.

The following table prepared by the group in June 2018 illustrates that the Company is owed around US\$91.8M from other group companies. While it is apparent that none of the group companies have the ability to pay all their debt due to the Company, we anticipate some will have funds available to pay a distribution to their creditors.

USD	MP & Silva Limited (London)	Media Partners & Silva Ltd (Ireland)	MP & Silva Sarl (Monaco)	MP & Silva Holding SA	MP & Silva Group Sarl	MP & Silva KFT Ltd (Hungary)	MP & Silva Pte (Singapore)	MP & Silva FZ- LLC (UAE)	MP & Silva Limited (Hong Kong)	MP & Silva spzoo (Poland)	MP & Silva SAS (France)	MP & Silva KK (Japan)	MP & Silva LLC (New York)	Total in USD
	1 London	-	37,543,553	17,170,084	9,700,000	-	-	6,554,868	19,873,930	10,000	-	-	-	1,000,000
2 Dublin	-	-	70,752,081	-	-	-	-	15,744,000	-	-	-	-	-	86,496,081
3 Monaco	-	-	-	13,385,045	-	-	2,399,793	17,000,000	-	-	-	-	1,664,522	34,449,359
4 Lux Hold	-	1,652,000	-	-	17,120	-	7,051,722	20,406,558	20,000	-	-	-	-	29,147,400
5 Lux Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Budapest	-	4,956,000	-	-	-	-	101,418	7,241,716	-	-	-	-	227,448	12,526,582
7 Singapore	-	-	3,318,946	-	-	-	-	-	-	-	-	-	13,975	3,332,921
8 Dubai	1,542,496	-	-	-	-	-	-	-	-	-	-	-	-	1,542,496
9 HKG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 NYC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total in USD</b>	<b>1,542,496</b>	<b>44,151,553</b>	<b>91,241,111</b>	<b>23,085,045</b>	<b>17,120</b>	<b>-</b>	<b>16,107,801</b>	<b>80,266,204</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,905,945</b>	<b>259,347,274</b>

From our perspective the other group companies can broadly be divided into three categories, based primarily on historical financial information, being those which:

1. appear to have significant liquid assets (mostly cash in bank, excluding intercompany debts) that have an intercompany balance owing to the Company;
2. are direct subsidiaries of the Company; and
3. have no significant assets and/or are not debtors of the Company.

Using the Company's status as a creditor, we have actively attempted to get a liquidator (or similar) appointed to each of the companies in the first category so as to maximize the likelihood of achieving a recovery for the Company.

Pursuing claims against insolvent group companies in other jurisdictions is complex, as each company is governed by different insolvency laws often with different ways of enforcing creditor claims and commencing insolvency proceedings. In some jurisdictions this processes may take several years. Disputes may result from conflicts of laws or claims from local creditors. Whilst we consider the inter-company claims represent a significant possibility of realizing considerable value for the Company, such claims will require substantial time from the Joint Liquidators and our staff, and from our legal advisers.

With regard to the second category of companies, we've made further investigations to see whether there is any value for the Company, either as shareholder or via inter-company balances.

The companies in the third category have largely been left to be dealt with by creditors in their own jurisdiction as they have no value to the Company.

A summary of the actions taken to date and status of the key entities is set out below:

Entity	Latest Cash balance	I/C balances with the UK entity	Action taken to date	Status and next step
<b>MP &amp; Silva Holdings SA (Luxembourg)</b>	\$4.7m	Owes UK: \$9.7m	- Worked with the local legal advisor to assess the local insolvency procedure - Collated documents and information in order to assess the options based on the potential value from the estate, our position to recover, and the complexity of the local	The sixth chamber of the District Court of Luxembourg ordered the company to pay to the Company €5m and \$3.8m. As this debt has not been paid, our solicitor is now preparing the required bankruptcy summons.

			<p>process</p> <ul style="list-style-type: none"> <li>- Instructed and supported the local legal advisor to prepare the court documents to start the petition process as a creditor</li> <li>- Liaised closely with local legal advisor to agree strategy and reviewed legal documents before filing</li> <li>- Arranged payment to local bailiff to arrange enforcement of the tribunal decision</li> <li>- The local bailiff has produced a certificate explaining his attempts to enforce the tribunal decision.</li> </ul>	
<b>Ireland</b>	\$4.9m	Owes UK:\$37.5m	<ul style="list-style-type: none"> <li>- Filed petition with the aim to wind up the company and to stop the court from issuing a garnishee order to another single creditor which sought to claim the remaining cash in the bank</li> <li>- Worked with the Forensics team to collate data/documents from various sources to support the correspondence with the garnishee order creditor, in order to preserve value for the benefit of the Company from the Irish entity.</li> </ul>	On 22 May 2019, the court appointed an Insolvency Practitioner (Wendy McVeigh) from KPMG to act as liquidator. A claim has been submitted to the liquidator who has challenged this as part of the adjudication of the Company's claim.
<b>Dubai</b>	\$0.5m	Owes UK:\$19.9m UK owes: \$1.5m	<ul style="list-style-type: none"> <li>- Worked with the director who was still in the office until end of 2018, to assess the situation of the company</li> <li>- Worked with the local insolvency specialist in exploring options available</li> </ul>	Concluded that the creditor process in UAE is largely untested, and costly to pursue. The best option is to wait until the holding company (Lux. Holdco) is in liquidation process, and then the liquidator triggers the insolvency process of the Dubai entity. Meanwhile, we remain in contact with the director (already resigned) for information to prepare for the future insolvency process.
<b>Paris</b>	\$1k	n/a	<ul style="list-style-type: none"> <li>- Worked with the former accountants to assess the status of the company</li> <li>- Worked with the local insolvency specialist in exploring the options for the entity.</li> </ul>	Concluded that the subsidiary has nil value to be recovered and any potential claim from creditors is unlikely to cause any financial obligation to the UK estate. Accordingly no further action will be taken.
<b>Monaco</b>	\$7m	Owes UK: \$17.2m	<ul style="list-style-type: none"> <li>- As a significant part of the Finance function is in Monaco, as well as the administrative access to some critical information system, we coordinated with the Monaco liquidator (non-PwC), who was appointed shortly before the UK liquidators were appointed, with the aim of gathering information to facilitate recovery of the UK estate's assets;</li> <li>- Submitted Proof of Debt for the amount owed to the UK estate</li> </ul>	The assistance from the Monaco liquidator has been limited. We are awaiting for an update from the liquidator on the company's dividend prospects.
<b>Singapore</b>	\$5.6m	Owes UK: \$6.6m	<ul style="list-style-type: none"> <li>- Worked with the local insolvency specialist in exploring the options for the entity</li> <li>- Worked with the director who was willing to put the entity into an insolvency process</li> <li>- The local court issued the order to put the estate in compulsory liquidation and appointed the liquidators (PwC) in February 2019.</li> </ul>	We are in regular contact with the liquidators. We are awaiting an update from the local liquidators on dividend prospects.
<b>New York</b>	\$15k	Owes UK: \$1m	<ul style="list-style-type: none"> <li>- Worked with the local insolvency specialist in exploring the options for the entity</li> <li>- Coordinated with the Singapore liquidators to start the closure process of the entity</li> </ul>	It is a subsidiary of the Singapore entity, therefore, the Singapore liquidators have been dealing with the estate.
<b>Poland</b>	\$2k	n/a	<ul style="list-style-type: none"> <li>- Worked with the local insolvency specialist in exploring the options for the entity</li> </ul>	As the entity has nil value to be recovered, the approach we take will aim to cost the minimum or let it dissolve itself.
<b>Budapest</b>	\$1m	n/a	<ul style="list-style-type: none"> <li>- Worked with the local insolvency specialist in exploring the options for the entity</li> <li>- Worked with the director who was willing to assist to put the entity into an insolvency process</li> <li>- As the company still has a small amount of cash in the bank, some regular expenses are still being incurred. We worked with the local director in dealing with tax authority request for payment, auditors' request for information, etc.</li> <li>- The director resigned in March 2019.</li> </ul>	We have made a decision to not pursue any further action due to the minimal benefit to the Company and high cost of formal insolvency proceedings. We are aware that the local tax authority in Hungary, which has a preferential claim over the Company, has initiated legal proceedings to put the Hungarian entity in to liquidation.

## *Other issues*

### *The Securing of data and reconstruction of the Company's financial position*

As referred to earlier, it has proven necessary to secure access to the Company's physical and digital records. Those records located on site were recovered without difficulty, but accessing the digital data has been made more complicated by the involvement of third party service providers, many of which required payment before our Forensics Team could obtain the level of access we needed. Access to this information (such as server data, emails, financial system, billing system, contracts and other legal documents, etc) has been obtained and is now available to us.

### *Tax Matters*

Prior to the liquidation of the Company, HMRC had already commenced an enquiry into aspects of the Company's group trading activities, particularly in relation to transfer pricing. HMRC continued the enquiry following the liquidation, requesting a large quantity of physical and digital records. This process has been time consuming, but HMRC has a right to this information and we are obliged to assist where we can.

This assistance has involved a download of certain digital records from the information recovered by our Forensics Team. The costs of complying with the HMRC enquiry have been significant and may rise further. As a result of the information we have provided to HMRC, HMRC may submit a revised proof of debt for a higher amount. If HMRC can prove that the Company had previously under declared its profits in the UK, this will result in an increased claim in respect of Corporation Tax.

### *VAT Matters*

The Company is VAT registered and two post-liquidation returns have been submitted. Pre-liquidation returns may be prepared with the assistance of one of the outsourced service providers if it is beneficial for the Company.

### *Dealing with employees*

At the time of our appointment, all employees had been unpaid for more than two months and had ceased coming to work. Two former employees were engaged on a consultancy basis to assist us. As previously discussed, employees have received a Preferential dividend and will be eligible to claim as unsecured creditors for other amounts owing in respect of their employment.

### *Dealing with creditors*

Following our appointment numerous enquiries were received from creditors, or parties believing themselves to be creditors. These were all responded to and details kept, as the extent of records concerning creditors of the Company was limited. We have received some correspondence from creditors that relate to other parts of the group, and we will be analyzing company records to establish which creditor claims should be admitted as a creditor of the Company. Our current expectation is that funds will become available for the payment of a dividend to Unsecured Creditors, and we are therefore collating claims and creditor information to allow us to adjudicate claims in due course. If creditors have not already done so they should download a proof of debt form, complete it and return it with supporting information to the Joint Liquidators.

The current estimated dividend range is believed to be between 2% and 21% based on various key assumptions (including the treatment of Advanced Payments and the final agreed amount for Unsecured Creditors' claims), each of which is capable of having a significant impact on the ultimate return to creditors. As such, creditors should note that the estimate is presented in this report with the aim of providing creditors with an indication of what could be the outcome. The final recovery for creditors may fall outside of the range provided.

## *Liquidation committee*

On 15 August 2019, creditors decided to form a liquidation committee consisting of the following members:

1. Stefan Felsing
2. Angela Gandy
3. Fédération Internationale de Football Association (“FIFA”)
4. Grant Thornton UK LLP
5. HM Revenue and Customs

We continue to speak with the liquidation committee to discuss issues and outline key decisions. We last met with the liquidation committee on 5 September 2019. Decisions taken by the committee included the fixing of the Joint Liquidators’ fee on a time costs basis in line with the remuneration report to creditors (a copy of which remains available to creditors at <https://www.pwc.co.uk/mpsilva>). The following resolutions were approved at the first liquidation committee meeting:

- THAT Liquidation Committee updates will only be issued as and when considered necessary by the Joint Liquidators in order to minimise costs. Committee members do have the right to request a report or an update on any specific issues at any time if they believe it appropriate.
- THAT the basis of the Joint Liquidators’ remuneration be approved on a time cost basis.
- THAT the pre appointment costs of up to £23k be paid as an expense of the liquidation.
- THAT previous and future payments made to firms associated with PwC (as disclosed in the Remuneration Report) be paid as an expense of the liquidation.
- THAT the Joint Liquidators be authorised to draw disbursements for services provided by their own firm (Category 2 disbursements) as follows: Photocopying – charged for circulars to creditors and other bulk copying only at 5 pence per sheet; Mileage – at a maximum of 70 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc) from time to time. These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration and any subsequent liquidation.

## *Investigations and actions*

As this liquidation is a Winding Up by the court, it is for the Official Receiver to undertake the formal investigation into the affairs of the directors. We will continue to liaise with and assist the Official Receiver as necessary.

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors’ Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## *Our receipts and payments account*

We set out in Appendix A an account of our receipts and payments in the liquidation from 19 October 2018 to 18 October 2019.

## *Our expenses*

We set out in Appendix B a statement of the expenses we’ve incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as a liquidation expense in due course because amounts due will depend on the position at the end of the tax accounting period.

## Our fees

We set out in Appendix C an update on our time costs, disbursements and other related matters.

## Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-to-liquidation-remuneration-scotland-feb-10.ashx?la=en>

You can also get a copy free of charge by telephoning Syed Shah on 0113 289 4314

## What we still need to do

In summary the significant outstanding matters in the liquidation are:

- To determine the status of the Advance Payments;
- Respond to HMRC enquiries into pre-liquidation tax affairs of the Company;
- Realize the remaining assets of the Company, including book debts and intercompany-claims;
- Agree Unsecured Creditors' claims; and
- Issue a Notice of Intended Dividend to creditors and distribute a dividend.

Once these matters have been completed, we will file the relevant notices with the Registrar to cease to act and to bring the liquidation to an end.

## Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner. The report will be published on our website at <https://www.pwc.co.uk/mpsilva>.

You can also get a copy of this report free of charge by telephoning Syed Shah on 0113 289 4314.

Yours faithfully



Zelf Hussain  
Joint liquidator

*Zelf Hussain and Michael Jervis have been appointed as joint liquidators by the High Court to manage the affairs, business and property of the Company. Both are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The joint liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

*The joint liquidators may act as Data Controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint liquidators. Personal data will be kept secure and processed only for matters relating to the joint liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint liquidators.*

# Appendix A: Receipts and payments

*Insolvency Service Account - GBP  
Receipts and payments account as at 18 October  
2019*

<b>RECEIPTS</b>	<b>(£)</b>
Cash / Balance at Bank	5,702,681.54
Book debts	238,846.20
Interest Earned	32,753.51
Fixtures & Fittings	7,000.00
Insurance Refund	2,123.51
<b>Total</b>	<b>5,983,404.76</b>

<b>PAYMENTS</b>	
Gross Wages & Salaries	47,379.29
Data capture, review & storage	50,538.97
Agents' fees	28,872.50
Insurance	2,416.32
PwC Group Legal	71,391.30
Legal fees and expenses	209,049.13
Office Holders' expenses	948.99
ISA debit balance	11,000.00
Bank Charges	182.25
Corporation Tax	6,550.70
<b>Total</b>	<b>428,329.45</b>

**VAT Control account** 59,676.73

Preferential dividend declared at 100p in the £ on 10th August 2019 (69,580.86)

**Net Receipts/(Payments)** **5,545,171.18**

<b>VAT inputs</b>	<b>15,710.64</b>
<b>VAT Outputs</b>	<b>145,338.85</b>
<b>VAT to be refunded</b>	<b>129,628.21</b>



*Advanced Payment account with  
Barclays - EURO  
Receipts and payments account as at  
18 October 2019*

19 Oct 18 to  
18 Oct 19

<b>RECEIPTS</b>	<b>(€)</b>
Cash / Balance at Bank	349,990.43
<b>Total</b>	<b>349,990.43</b>

**PAYMENTS**

<b>Total</b>	
<b>Net Receipts/(Payments)</b>	<b>349,990.43</b>

\* Negative Interest bearing account

*Advanced Payment account with  
Barclays - USD  
Receipts and payments account as  
at 18 October 2019*

19 Oct 2018 to  
18 October 2019

<b>RECEIPTS</b>	<b>(\$)</b>
Balance at Bank	17,197,025.81
<b>Total</b>	<b>17,197,025.81</b>

**PAYMENTS**

Bank charges	7.72
<b>Total</b>	<b>7.72</b>

<b>Net Receipts/(Payments)</b>	<b>17,197,018.09</b>
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\* interest bearing account

*Advanced Payment account with  
Barclays – YEN  
Receipts and payments account as  
at 18 October 2019*

19 Oct 2018 to  
18 Oct 2019

<b>RECEIPTS</b>	<b>(¥)</b>
Balance at Bank	17784756
<b>Total</b>	<b>17,784,756.00</b>

<b>PAYMENTS</b>	
Bank charges	858
<b>Total</b>	<b>858</b>

<b>Net Receipts/(Payments)</b>	<b>17,783,898</b>
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\* non interest bearing account

## Appendix B: Expenses

The following table provides a summary and prediction as to our expenses. Expenses are amounts properly payable by us as Joint Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities (unless deducted at source) that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

Nature of expenses	Incurred from 19.10.18 to 18.10.19	Paid	Estimated Future to incur	Anticipated Total	Initial Estimate	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Gross wages & salaries	47,379.29	47,379.29	-	47,379.29	47,474.18	(94.89)
Data Capture, Review and Storage	50,538.97	50,538.97	3,000.00	53,538.97	54,000.00	(461.03)
Agents Fees	28,872.50	28,872.50	2,500.00	31,372.50	27,848.80	3523.70
Insurance	2,416.32	2,416.32	1,000.00	3,416.32	6,711.92	(3295.60)
Pw C Group Legal	71,391.30	71,391.30	31,887.47	103,278.77	106,937.52	(3658.75)
Legal fees and Expenses	249,049.13	209,049.13	357,704.87	606,754.00	606,754.00	0.00
Petitioning creditors costs	100,842.51	-	100,842.51	100,842.51	70,000.00	30842.51
Office holders' Expenses	948.99	948.99	4,165.40	5,114.39	888.33	4226.06
Official Receivers' debit balance and fees	11,000.00	11,000.00	-	11,000.00	11,000.00	0.00
Bank Charges	182.25	182.25	500.00	682.25	372.80	309.45
Corporation Tax	6,550.70	6,550.70		6,550.70	5,542.86	1007.84
Contingency			30,000.00	30,000.00	30,000.00	0.00
<b>Total expenses</b>	<b>569,171.96</b>	<b>428,329.45</b>	<b>531,600.25</b>	<b>999,929.70</b>	<b>967,530.41</b>	<b>32,399.29</b>

We think that our expenses will exceed the estimate provided to all creditors before the basis of our fees was fixed. This is because we are now more accurately able to predict corporation tax charges and the petitioning creditors' costs which must be paid as an expense of the liquidation, and were higher than initially budgeted for.

# Appendix C: Remuneration update

Our fees were approved on a time costs fee basis by the liquidation committee on 5 September 2019. This approval allows us to draw fees by reference to the time properly given by us and our staff in dealing with the liquidation. The approval was requested with a fees estimate in our Remuneration Report dated 7 June 2019. This report can be found on our website at [www.pwc.co.uk/mpsilva](http://www.pwc.co.uk/mpsilva).

We have not at present drawn fees to date in respect of the approval given. The time cost charges incurred in the period covered by this report are £1,279,337.30. We think we may exceed our fees estimate and we have exceeded time costs for certain types of work. In particular, the level of time spent on investigations has exceeded our estimates and remains very uncertain in the future. This fees estimate does not provide for the liquidation lasting longer than 2 years and, as previously explained, we cannot yet estimate when the ongoing legal matters will be settled.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

## Our hours and average rates

Analysis of time costs for the period from 19 October 2018 to 18 October 2019

Aspect of assignment	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Support (Hrs)	Total (Hrs)	Time cost £	Average hourly rate £
1 Accounting and treasury	5.60	-	0.55	41.70	82.50	69.35	-	199.70	57,910.00	289.98
2 Assets	5.50	-	11.05	116.45	91.45	8.55	0.10	233.10	85,707.50	367.69
3 Book debt realisations	-	-	2.60	5.75	-	33.40	-	41.75	9,938.75	238.05
4 Creditors	15.60	-	17.55	30.60	12.40	56.55	27.50	160.20	54,551.75	340.52
5 Creditors committee	5.50	-	24.45	62.35	7.80	20.35	-	120.45	49,519.00	411.12
6 Employees and pensions	-	-	8.40	16.70	67.50	19.15	0.30	112.05	37,193.50	331.94
7 Group Companies	9.90	-	42.30	261.45	1.25	3.40	-	318.30	167,437.50	526.04
8 Investigations	0.50	10.35	0.90	150.75	218.40	221.25	-	602.15	209,439.25	347.82
9 Property	-	-	16.20	116.17	4.40	4.25	-	141.02	62,395.80	442.46
10 Statutory and compliance	25.30	-	23.65	163.60	57.45	58.60	5.15	333.75	136,283.50	408.34
11 Strategy and planning	72.10	0.50	71.40	416.55	66.95	58.10	1.10	686.70	322,593.50	469.77
12 Tax	-	8.35	12.31	56.15	1.25	62.50	0.55	141.11	67,157.75	475.92
13 VAT	-	-	6.30	14.95	8.45	1.85	-	31.55	19,209.50	608.86
<b>Total for the period</b>	<b>140.00</b>	<b>19.20</b>	<b>237.66</b>	<b>1,453.17</b>	<b>619.80</b>	<b>617.30</b>	<b>34.70</b>	<b>3,121.83</b>	<b>1,279,337.30</b>	<b>409.80</b>

### Summary for the case

Aspect of assignment	Total hours	Total time cost £	Average hourly £	Initial estimate £	Variance £
Accounting and treasury	200	57,910	290	64,365	(6,455)
Assets	233	85,708	368	133,125	(47,418)
Book debt realisations	42	9,939	238	54,400	(44,461)
Creditors	160	54,552	341	193,785	(139,233)
Creditors committee	120	49,519	411	-	49,519
Employees and pensions	112	37,194	332	37,080	114
Group Companies	318	167,438	526	225,625	(58,188)
Investigations	602	209,439	348	188,950	20,489
Property	141	62,396	442	60,635	1,761
Statutory and compliance	334	136,284	408	157,255	(20,972)
Strategy and planning	687	322,594	470	312,295	10,299
Tax	141	67,158	476	58,800	8,358
VAT	32	19,210	609	43,075	(23,866)
<b>Total for the case</b>	<b>3,122</b>	<b>1,279,337</b>	<b>5,259</b>	<b>1,529,390</b>	<b>(250,053)</b>

Our overall time costs to date are £250,053 below what we estimated for the totality of the liquidation in our Remuneration Report dated 7 June 2019. We have exceeded time costs for certain categories of work linked to the HMRC enquiry into pre-liquidation tax matters and adjudicating on strategy for Advance Payments. We currently do not think we will need to vary the total fee estimate of £1,529,390 but individual categories may go beyond what was initially predicted.

The investigations code encompasses a lot of our Forensics department's time and relates to the recovery of the Company's digital information for the purposes of data collection and assist with the HMRC enquiry. The previous budget has been exceeded and will require a re-estimation depending on the extent of further tasks required, particularly with regard to HMRC requirements. Our forensics team have been essential in enabling us to respond to HMRC. Further investigation may be required in relation to the Advanced Payments, intercompany balances and creditor adjudication.

The tax code relates to the general preparation and submission of post liquidation corporation tax returns. However, our Tax department have been charging time to this code in respect of engagement with HMRC over the enquiry into pre-liquidation tax matters. Depending on the level of activity, this may require a future revision to the predicted budget.

The strategy and planning code is that designated for time costs incurred in respect of the management of the liquidation including the management of our relationship with other PwC firms engaged in the case, discussion of strategic matters with lawyers and regular strategy meetings and internal file reviews.

Work associated with the liquidation committee was previously included in the statutory and compliance code, but has been separated to allow for better cost control and visibility. The creditor committee code captures the work we do in preparation for the committee meeting and post meeting fulfilment of our statutory obligations.

### *Our time charging policy and hourly rates*

We and our team charge our time for the work we need to do in the liquidation. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We don't charge general or overhead costs.

Specialist departments with our firm, such Tax, VAT, Property and Pensions were also used where expert advice was required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour

Grade	Maximum rate per hour to 30 June 2019 (£)	Maximum rate per hour from 1 July 2019 (£)	Specialist maximum rate per hour (£)
Partner	890	910	1385
Director	780	800	1275
Senior Manager	590	605	975
Manager	510	525	710
Senior Associate	425	435	520
Associate	265	270	285
Support staff	135	140	230

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

### *Payments to associates*

We have paid circa £71,391.30 to firms associated with PwC in the period covered by this report. These payments were for legal and technical advice on legal proceedings and options available for the Company as shareholder of various subsidiaries in Europe, including mitigating potential liabilities and was approved by the liquidation committee as a Category 2 disbursement as part of our fees.

### *Our work in the period*

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none"> <li>Opening and closing bank accounts and arranging facilities</li> <li>Liaising with the ISA and agreeing differing treatment of funds</li> <li>Entering receipts and payments into the accounting system</li> <li>Preparing and reviewing the receipts and payments reports</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the proper management of the funds of the estate.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the proper management of the funds that will in due course be distributed to creditors.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Secure funds held in Company bank accounts</li> </ul>	<ul style="list-style-type: none"> <li>To recover the maximum value for assets.</li> </ul>	<ul style="list-style-type: none"> <li>To realise the maximum funds to be distributed to the creditors.</li> </ul>

- 
- Notified banks of our appointment and undertook prolonged negotiation to transfer control of accounts to us
  - Completed complex and lengthy procedure to arrange transfer of funds to ISA and post appointment accounts
  - Reviewing the ownership status of Advance Payments and liaising with lawyers on this matter
  - Provided lawyers with documentation and analysis as requested to support their work
  - Realising value within pre appointment insurance policies
  - Investigating identity of post-petition Payments
  - Seeking legal advice on status of post-petition Payments

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Book debts	<ul style="list-style-type: none"> <li>• Notifying potential debtors of our appointment and requesting payment</li> <li>• Corresponding with debtors regarding amounts due and our appointment as liquidators</li> <li>• Reviewing and assessing debtors ledgers</li> </ul>	<ul style="list-style-type: none"> <li>• To recover the maximum value for assets.</li> </ul>	<ul style="list-style-type: none"> <li>• To realise the maximum funds to be distributed to the creditors</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• Setting up a dedicated website for delivery of initial and ongoing communications and reports</li> <li>• Notifying potential creditors of our</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure valid claims are admitted for dividend purposes;</li> <li>• To distribute funds to the creditors;</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the correct distribution of funds.</li> </ul>

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<p>appointment and inviting them to submit a Proof of Debt</p>	<ul style="list-style-type: none"> <li>• Ensuring correspondence to potential EU creditors complies with EU insolvency proceedings</li> <li>• Corresponding with unsecured creditors regarding dividend prospects</li> <li>• Responding to creditor enquiries regarding the appointment of the Liquidators;</li> <li>• Reviewing unsecured claims received and corresponding with creditors where further information is required.</li> <li>• Liaising with former employees to obtain list of potential creditors</li> <li>• Searching public databases to obtain contact information for creditors</li> </ul>	<ul style="list-style-type: none"> <li>• To provide creditors with any information requested.</li> </ul>	
<hr/> <p>Liquidation committee</p>	<ul style="list-style-type: none"> <li>• Liaising with creditors to confirm the nominations for the committee</li> <li>• Filing the notice of constitution of the Liquidation Committee;</li> <li>• Arranging and holding the initial meeting;</li> <li>• Preparing and distributing a report to the committee</li> <li>• Post meeting administration and distribution</li> </ul>	<ul style="list-style-type: none"> <li>• To inform the committee of matters regularly.</li> </ul>	<ul style="list-style-type: none"> <li>• To inform creditors of matters in their interest.</li> </ul>

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	documents as agreed during the meeting.		
Employees & Pensions	<ul style="list-style-type: none"> <li>• Declaring and paying the preferential dividend;</li> <li>• Corresponding with employees regarding preferential dividend</li> <li>• Preparing, issuing and receiving employee preferential claim agreement forms</li> <li>• Corresponding with the RPS regarding proof of debt</li> <li>• Preparing and paying preferential distribution</li> <li>• Ensuring PAYE/NIC is deducted and remitted to HMRC</li> <li>• Reviewing payroll and paying salaries of 2 employees retained for a short period after our appointment</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure valid claims are admitted for dividend purposes;</li> <li>• To distribute funds to the creditors;</li> <li>• To provide creditors with any information requested.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the correct distribution of funds.</li> </ul>
Group Companies	<ul style="list-style-type: none"> <li>• Carry out enquiries within the group to establish what value can be recovered for the benefit of the Company</li> <li>• Pursue legal options to have a liquidator (or similar) appointed over group companies that have significant liquid assets to maximize asset realizations for the Company</li> <li>• Reviewing large volumes of data obtained from third party vendors for legally significant documents</li> <li>• Provide documentation and data to Singapore</li> </ul>	<ul style="list-style-type: none"> <li>• To recover the maximum value for assets.</li> </ul>	<ul style="list-style-type: none"> <li>• To realise the maximum funds to be distributed to the creditors</li> </ul>

	Liquidator to assist them with book debt recovery		
Investigations	<ul style="list-style-type: none"> <li>Collecting company books and records</li> <li>Holding meetings with HMRC to discuss their enquiry and provide information requested</li> <li>Obtaining information pertinent to the status of the advance payments, including reviewing emails.</li> <li>Liaised with Company's bank and accountant to obtain financial transactional information to comply with HMRC investigation</li> <li>Contacted former employees to obtain information that would assist HMRC with their investigation</li> <li>Collecting books and records of the Company from third party vendors after complex negotiations</li> <li>Reviewing and reconciling over 1TB of Data provided by third party vendors</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute</li> </ul>	<ul style="list-style-type: none"> <li>Statutory duties of the Liquidators.</li> <li>Provides information to verify status of assets and claims</li> </ul>
Property	<ul style="list-style-type: none"> <li>Carrying out title searches and securing relevant property records</li> <li>Securing possession of property</li> <li>Liaising with property consultants to find potential tenant to take over lease</li> </ul>	<ul style="list-style-type: none"> <li>To recover the maximum value for assets</li> </ul>	<ul style="list-style-type: none"> <li>To realise the maximum funds to be distributed to the creditors</li> </ul>

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	<ul style="list-style-type: none"> <li>• Seeking legal advice in relation to property matters</li> <li>• Liaising with the landlord regarding rent deposit and its utilisation</li> <li>• Seeking reduction on claim amount submitted by council</li> </ul>		
Statutory and compliance	<ul style="list-style-type: none"> <li>• Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment</li> <li>• Issuing notices and associated documentation for seeking decisions of creditors</li> <li>• Establishing a creditors' committee and holding initial meeting</li> <li>• Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the liquidation</li> <li>• Preparing and sending the initial notices regarding the appointment;</li> <li>• Preparing and circulating the remuneration report;</li> </ul>	<ul style="list-style-type: none"> <li>• To meet the statutory duties of the Liquidators.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory duties of the Liquidators.</li> </ul>
Strategy and planning	<ul style="list-style-type: none"> <li>• Completing tasks relating to job acceptance</li> <li>• Holding team meetings discussing the progress of the liquidation</li> <li>• Conducting case reviews</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure proper management of the liquidation.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure orderly management and progression of the case in a cost effective manner</li> </ul>

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	<ul style="list-style-type: none"> <li>• Reviewing and circulating the Remuneration report</li> <li>• Taking steps to obtain fee approval from the fee approving bodies</li> <li>• Reviewing the future work to be undertaken;</li> </ul>		
Tax & VAT	<ul style="list-style-type: none"> <li>• Gathering information for the initial VAT and Tax review</li> <li>• Obtaining worksheets and documents from Company's pre appointment accountants to ensure we can submit pre appointment VAT returns</li> <li>• Continue to provide assistance to HMRC's</li> <li>• enquiry into tax affairs of the Company</li> <li>• Carrying out tax review and subsequent enquiries</li> <li>• Submitting quarterly VAT returns</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure all recoverable amounts are realised;</li> <li>• To meet the statutory duties of the Liquidators.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory duties of the Liquidators.</li> </ul>

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As this progress report is the first to be issued following the approval of the basis of our fees, on the next page are details of work carried out by the Joint Liquidators in previous periods.

## Our future work

We still need to do the following work in the liquidation.

Area of work	Work we need to do	Estimated future cost £	Whether or not the work will provide a financial benefit to creditors
Accounting & Treasury	<ul style="list-style-type: none"> <li>Dealing with receipts, payments and journals</li> <li>Carrying out bank reconciliations</li> <li>Closure of the bank account</li> </ul>	<ul style="list-style-type: none"> <li>£10,000</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirements and ensures good stewardship of estate funds</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Continue to seek recovery of Post-Petition Payments</li> <li>Determine status of Advance Payments</li> </ul>	<ul style="list-style-type: none"> <li>£30,000</li> </ul>	<ul style="list-style-type: none"> <li>To realise the maximum funds to be distributed to the creditors.</li> </ul>
Book debts	<ul style="list-style-type: none"> <li>Seek recovery of outstanding third party debtor amounts</li> <li>Review communication received from third party debtors</li> <li>Review books and records for documentation to support book debt recovery</li> <li>Liaise with lawyers to explore legal options to recover book debt</li> </ul>	<ul style="list-style-type: none"> <li>£10,000</li> </ul>	<ul style="list-style-type: none"> <li>To realise the maximum funds to be distributed to the creditors.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Responding to creditors queries</li> <li>Adjudicate on creditor claims received</li> <li>Issuing a notice of intended dividend and paying interim and final dividends to creditors</li> </ul>	<ul style="list-style-type: none"> <li>£110,000</li> </ul>	<ul style="list-style-type: none"> <li>To ensure creditors are provided with the necessary information</li> </ul>
Creditors committee	<ul style="list-style-type: none"> <li>Holding further committee meetings to update with the progress of the liquidation and agree strategy for key matters</li> <li>Prepare committee reports and updates and circulate any required documents after the meeting.</li> </ul>	<ul style="list-style-type: none"> <li>£20,000 (<i>this is a new category of work</i>)</li> </ul>	<ul style="list-style-type: none"> <li>To update the committee and ensure creditors are informed of matters.</li> </ul>
Employees & Pensions	<ul style="list-style-type: none"> <li>Agree unsecured claim element of former employees</li> </ul>	<ul style="list-style-type: none"> <li>£2,500</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the correct</li> </ul>

distribution of funds

Group Companies	<ul style="list-style-type: none"><li>• Investigate what value can be recovered for the benefit of the Company</li><li>• Liaise with liquidators of insolvent group companies to submit claim Hold regular strategy meetings with our lawyers to decide on next steps</li></ul>	<ul style="list-style-type: none"><li>• £30,000</li></ul>	<ul style="list-style-type: none"><li>• To realise the maximum funds to be distributed to the creditors</li></ul>
Investigations	<ul style="list-style-type: none"><li>• Provide HMRC with documentations and data as requested</li><li>• Review and analysis of Company's digital information to data is appropriately backed up and reconciled</li><li>• Searching and locating documents as requested by liquidators of group companies.</li></ul>	<ul style="list-style-type: none"><li>• £10,000+ (unknown and will depend on circumstances)</li></ul>	<ul style="list-style-type: none"><li>• Statutory duties of the Liquidators.</li></ul>
Property	<ul style="list-style-type: none"><li>• Adjudicating claim with lawyers</li><li>• Continue to liaise with landlords to agree their claim and status of deductions from rent deposit.</li><li>• Liaise with Westminster Council regarding claim they have submitted</li></ul>	<ul style="list-style-type: none"><li>• £2,500</li></ul>	<ul style="list-style-type: none"><li>• To realise the maximum funds to be distributed to the creditors</li></ul>
Statutory & compliance	<ul style="list-style-type: none"><li>• Preparing and issuing periodic progress reports to creditors and the registrar</li><li>• Dealing with books and records prior to closure.</li><li>• Holding a further committee meeting to update with the progress of Advance Payments and circulating any required documents.</li><li>• Filing of documents and dealing with books and records</li><li>• Preparing closure documents and filing the notice of move to</li></ul>	<ul style="list-style-type: none"><li>• £35,000</li></ul>	<ul style="list-style-type: none"><li>• To comply with statutory requirements</li></ul>

dissolution with the Registrar

- Closure of internal systems and databases
- Dealing with ad hoc queries and correspondence.

Strategy & planning	<ul style="list-style-type: none"> <li>• Holding internal meetings to discuss the ongoing progress of the case</li> <li>• Planning for the most efficient route for closure Team meetings to review strategy</li> <li>• Maintaining fee budgets &amp; monitoring costs</li> <li>• Review of progress of the liquidations</li> <li>• Considering timings for key milestones and key strategic decisions</li> <li>• Determining the impact of the inter group claims and the dividend prospects</li> <li>• Reviewing the expected outcomes for group companies in insolvency and monitoring the future dividend timings</li> <li>• Cost benefit analysis of the timing of the legal claims and impacts of remaining in office for the duration to receive any benefit due</li> <li>• Liaising with solicitors regarding the ongoing progress of the legal claim and reviewing the impact to future dividends</li> <li>• Liaising with creditor services and lawyers to agree strategy of most efficient time to issue dividend</li> <li>• Review of Legal and other professional firms used on case and scope for change</li> </ul>	£20,000	<ul style="list-style-type: none"> <li>• To ensure orderly management and progression of the case in a cost effective manner</li> </ul>
Tax	<ul style="list-style-type: none"> <li>• Preparation of tax computations</li> </ul>	£20,000	<ul style="list-style-type: none"> <li>• To comply with statutory requirements</li> </ul>

	<ul style="list-style-type: none"> <li>• Considering requirements of international tax registrations</li> <li>• Liaising with HMRC and obtaining tax clearance</li> </ul>		
VAT	<ul style="list-style-type: none"> <li>• Preparing and reviewing quarterly VAT returns</li> <li>• Fulfilling and concluding the requirements of international VAT registrations</li> <li>• Deregistration of VAT</li> </ul>	• £20,000	• To comply with statutory requirements

As noted above, we think that our total costs may exceed, the initial fee estimate, as certain areas have proved more time consuming than expected, particularly in relation to investigations and recovering information. We have assumed only limited further work in this area and that other areas may be reduced. Accordingly, we currently estimate that further time of £320,000 will be needed, exceeding the initial fee estimate by around £70,000.



## Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation and has been approved by the liquidation committee.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	<b>Photocopying</b> - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	0.00
2	<b>Mileage</b> - At a maximum of 70 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc)	0.00
1	<b>Postage expenses</b>	1,117.31
1	<b>Travel Expenses</b>	2,929.79
1	<b>Insurance expenses</b>	450
1	<b>Subsistence expenses</b>	80.11
<b>Total</b>		<b>£4,577.21</b>

## Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

## Details of subcontracted work

No work which our staff normally do has been subcontracted during the periods of the report and we do not anticipate such requirements in the future.

## Legal and other professional firms

We've instructed the following professionals on this case:

### Professionals and subcontractors

Service provided	Name of firm	Reason selected	Basis of fees
Accounting services, including: <ul style="list-style-type: none"><li>Bringing the Company's records up to date</li></ul>	Charter Tax	Industry knowledge	Time costs and disbursements

Legal advice, including:	Herbert Smith Freehills	Insolvency expertise	Time costs and disbursements
<ul style="list-style-type: none"> <li>• General advice regarding advance monies issues</li> <li>• General advice regarding matters arising in the liquidation as required</li> <li>• Lease forfeiture/surrender</li> </ul>			
Pre appointment service provider assisting with access to Company records	TSG	Industry knowledge & knowledge of the Company	Fixed free
Pre appointment service provider assisting with access to Company records	Xytech Systems	Industry knowledge & knowledge of the Company	Fixed fee
Insurance	JLT	Industry knowledge and expertise	Fixed premium
Data storage	Iron Mountain	Industry knowledge and expertise	Fixed fee per unit
Legal advice, including:	PwC Luxembourg	Industry knowledge and expertise	Time costs and disbursements
<ul style="list-style-type: none"> <li>• preparing the petition paper for MP &amp; SILVA HOLDING S.A.</li> </ul>			
Assistance with representation on Irish entity liquidation committee	PwC Eire	Insolvency knowledge	Time costs and disbursements
Legal Advice on French associated company	PwC France	Industry knowledge	Time costs and disbursements
Legal Advice on Hungarian associated company	PwC Hungary	Industry knowledge	Time costs and disbursements
Legal Advice on Eire associated company	AMOSS	Industry knowledge	Time costs and disbursements
Property consulting services, including:	Lambert Smith Hampton	Industry knowledge	Fixed Fees and disbursements
<ul style="list-style-type: none"> <li>• Potential disposal of leasehold interests</li> <li>• Potential disposal of office furniture and equipment</li> </ul>			

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## ***Appendix D: Other information***

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Company's registered name:	MP & SILVA LIMITED
Trading name:	MP & Silva
Registered number:	07263750
Registered address:	Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL
Date of the Liquidators' appointment:	19 October 2018
Liquidators' names, addresses and contact details:	Zelf Hussain and Michael Jervis, both of PwC LLP, 7 More London, Riverside, London, SE1 2RT

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