
Joint Liquidators' progress report
from 17 August 2016 to 16 August
2017

MEQ Realisations Limited
(formerly Mint Equities
Limited)
(in Creditors Voluntary Liquidation)

10 October 2016

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Contents

Abbreviations and definitions	2
Key messages	3
Background and Progress since we last reported	4
Outcome for creditors	5
Appendix A: Receipts and payments	8
Appendix B: Expenses	9
Appendix C: Remuneration update	10
Appendix D: Other information	17
Appendix E: Creditors' rights to opt out of receiving certain communications	18

Abbreviations and definitions

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

Abbreviation or definition	Meaning
Company	MEQ Realisations Limited
Liquidators	David Chubb and Zelf Hussain
MPL	Mint Partners Ltd – in Creditors Voluntary Liquidation, the Company’s parent Company and debtor
MARL	MA Realisations Limited, a subsidiary of MPL
the Asset	an indirect interest owned by MARL a property asset
AGS	French government agency responsible for making payments of entitlements to redundant employees of insolvent companies in France
firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors’ voluntary liquidation
HMRC	HM Revenue & Customs
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
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
unsecured creditors	Creditors who are neither secured nor preferential

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of MEQ Realisations in the 12 months since our last report dated 10 October 2016.

You can still view our earlier reports on our website at www.pwc.co.uk/mint.

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	Paid in full in admin	Paid in full in admin
Preferential creditors	100 (if applicable)	100 (if applicable)
Unsecured creditors	1.8 to 2.9	1.8 to 3.1

**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.*

What you need to do

We've started asking 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. You can get a claim form by telephoning Thomas Wadey on 0113 289 4322. Creditors who do not submit claims will be excluded from any dividend.

We will write to preferential creditors separately to agree their claims.

As part of our first communication with you after the introduction of the Insolvency (England and Wales) Rules 2016 ("IR16"), we are required to inform you about your right to opt out of receiving further documents relating to these proceedings. Appendix E contains further details on this right and how you may elect to opt out.

Background and Progress since we last reported

Background to the Liquidation

On 19 August 2010, David Christian Chubb and Peter Norman Spratt of PricewaterhouseCoopers LLP were appointed Joint Administrators of the Company. The Administration was concluded on 17 August 2011, being the date the Company moved into Creditors' Voluntary Liquidation. Zelf Hussain replaced Peter Norman Spratt as Joint Liquidator with effect from 30 June 2015.

Inter-company debtors

As previously reported, the Company has submitted a claim of £848k in the Liquidation of MPL which has been admitted for dividend purposes.

MPL's remaining asset is its shareholding in MARL. MARL has a potential asset being an indirect interest in a property asset. Confidentiality restrictions around the Asset have made it difficult and time consuming to assess if the Asset has any value, but MARL's directors consider it has realisable value. The Company (via MPL) loaned £60,000 to MARL to explore asset realisation. These funds have been fully utilised but the Asset remains unrealised. Neither the Company nor MPL was able to facilitate further funding. As MARL's directors remain of the opinion that there is value in MARL's interest in the Asset, they sought external funding.

A sale of the shareholding in MARL was completed in May 2017 to an external funder. The directors together with the Purchaser will continue to pursue the Asset. Under the terms of the sale MPL is entitled to deferred consideration in the event the directors achieve a successful recovery from the Asset.

As the realisable value of the Company's claim in MPL remains uncertain at this stage, no amount has been included in calculating the estimated outcome for unsecured creditors.

As the timing and quantum of any recovery from the Asset remains uncertain, arrangements have been put in place under the sale agreement for purchaser, Henderson and Jones Limited, to distribute any proceeds. The liquidators of MPL and MEQ will provide lists of creditors of the respective companies entitled to a distribution from these proceeds, and their appropriate proportions.

The recovery will therefore not delay closure of the liquidation.

Former employees in France

Full details regarding the background to these claims has previously been provided.

As previously reported, we are currently waiting for an appeal hearing date, which our French solicitor has advised will be in December 2017.

This is the only issue which continues to delay finalisation of a distribution to creditors and subsequent closure of the liquidation.

On an ongoing basis we have investigated with our UK and French lawyers whether there is any way in which we can accelerate the issue but without success and therefore, unless the circumstances of the claims from the French employees alters, we have no option but to wait for the next hearing.

Outcome for creditors

Secured creditors

The secured creditor was repaid in full in the preceding Administration.

Preferential creditors (mainly employees)

The only preferential claims may come from AGS and the eight former employees based in France, who appealed the French Court's judgement.

Depending on the outcome of the tribunal appeal, the liability for holiday pay and wage arrears (pursuant to the Employment Rights Act 1996 and IA'86) for the employees based in France would be paid in full subject to England's statutory limits.

Based on what we currently know, the preferential claims could total approximately £122,000 if the tribunal appeal is successful.

Unsecured creditors

As at 16 August 2016, the Liquidators had admitted 99 unsecured claims from trade and other creditors with a total value of £11.3m.

So far, 70 claims with a total value of £4.6m have been withdrawn or rejected in whole or in part.

To date, all claims submitted to the Liquidators, with the exception of the France based former employee related claims, have been adjudicated. However, there remain 109 creditors identified in the directors' statement of affairs as being owed approximately £850k who have yet to submit claims, despite various reminders to do so.

The Liquidators anticipate that there will be funds available for distribution to the Company's unsecured creditors by virtue of the prescribed part.

The prescribed part applies to situations where there are floating charge realisations, net of costs. In this case, an amount of funds will be set aside for distribution to unsecured creditors. The prescribed part is calculated as follows:

- 50% of net property up to £10,000
- 20% of net property in excess of £10,000
- Subject to a maximum amount of £600,000

We estimate that the net property will be between £624,600 and £747,486 depending on whether the French employment tribunal rules that the French former employees have valid claims which would rank preferentially. The prescribed part is therefore estimated to be between £127,920 and £152,497.

We think that there are sufficient realisations for a dividend to be paid to unsecured creditors other than from the prescribed part. In total, the dividend rate is estimated to be between 1.8p and 2.9p in the £. The lower rate will be applicable should the France based former employees' claims be admissible in the Liquidation.

The current intention is to pay this dividend as soon as the issue regarding the French employees has been resolved.

Investigations and actions

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 17 August 2016 to 16 August 2017.

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. This excludes any tax liabilities that may be due.

Our fees

We set out in Appendix C an update on our fees, 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 IR86. 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 IR86. This information can also be found in the guide to fees at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-to-liquidators-fees-england-and-wales.ashx?la=en>

You can also get a copy free of charge by telephoning Thomas Wadey on 0113 289 4322.

What we still need to do

In order to conclude the liquidation we still need to complete the following tasks:

- Conclude the litigation regarding the former employees in France;
- Pay a dividend to unsecured, and potentially preferential, creditors;
- Complete statutory closure tasks and issue our final account.

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.

If you've got any questions, please get in touch with Thomas Wadey.

Yours faithfully



David Chubb
Joint Liquidator

David C Chubb and Zelf Hussain have been appointed as Joint Liquidators of MEQ Realisations Limited (formerly Mint Equities Limited). 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 are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Liquidation.

Appendix A: Receipts and payments

	Notes	As at 16-Aug-16 £	Movement in year £	Cumulative to 16-Aug-17 £
Receipts				
Funds received from the Joint Administrators		1,327,878	-	1,327,878
Net debtor receipts		306,015	-	306,015
Contribution towards costs (received from BGC Bro		69,240	-	69,240
Distribution received from Mint USA		4,155	-	4,155
Refunds		911	-	911
Third party funds	1	-	-	-
Interest		1,120	907	2,027
VAT receipts	2	26,118	3,200	29,318
Output VAT		11,972	-	11,972
		<u>1,747,409</u>	<u>4,107</u>	<u>1,751,516</u>
Payments				
Joint Administrators' remuneration		40,000	-	40,000
Joint Liquidators' remuneration		400,000	-	400,000
PwC Paris remuneration		4,201	-	4,201
Legal and other professional costs - Liquidation		155,762	1,103	156,865
Legal and other professional costs - Administration		123,257	-	123,257
Loan to MARL (via MPL)		60,000	-	60,000
Statutory advertising		147	-	147
Storage costs		40	-	40
Bank charges		1,101	34	1,135
VAT payments		8,666	-	8,666
Irrecoverable input VAT	3	116,454	-	116,454
Recoverable input VAT		22,182	-	22,182
		<u>931,810</u>	<u>1,137</u>	<u>932,947</u>
Cash in hand	4	<u>815,599</u>	<u>2,970</u>	<u>818,569</u>

Notes

- All third party funds have been returned.
- VAT receipts includes recoveries from the Administration.
- Only 16% of input VAT is recoverable. These figures are subject to adjustment as there is an additional VAT liability to the Company for certain services received from overseas suppliers e.g. legal costs. The Company is required to implement a 'reverse charge' i.e. charge VAT itself on the transaction and claim back at the agreed recovery rate.
- Funds held in non-interest bearing bank account.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities 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.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Expenses incurred to 16.08.16	Expenses incurred 17.08.16 to 16.08.17	Cumulative	Estimated future	Anticipated total
	£	£	£	£	£
Expenses incurred during the Administration					
Balance of Joint Administrators' time costs	184,221	-	184,221	-	184,221
Joint Administrators' disbursements	2,613	-	2,613	-	2,613
Legal and other professional costs - Administration	<u>123,257</u>	-	<u>123,257</u>	-	<u>123,257</u>
	310,091	-	310,091	-	310,091
Expenses incurred during the Liquidation					
Joint Liquidators' time costs	677,245	24,309	701,554	80,000	781,554
Joint Liquidators' disbursements	8,673	627	9,300	3,500	12,800
PwC Paris remuneration	4,201	-	4,201	-	4,201
Legal and other professional costs - Liquidation	166,762	1,103	167,865	-	167,865
Loan to MARL (via MPL)	60,000	-	60,000	-	60,000
Statutory advertising	147	-	147	-	147
Storage costs	40	-	40	-	40
Bank charges	1,101	34	1,135	-	1,135
Other expenses	-	-	-	30,000	30,000
Irrecoverable input VAT	116,454	-	116,454	-	116,454
	<u>1,034,623</u>	<u>26,073</u>	<u>1,060,696</u>	<u>113,500</u>	<u>1,174,196</u>
	<u>1,344,714</u>	<u>26,073</u>	<u>1,370,787</u>	<u>113,500</u>	<u>1,484,287</u>

Notes

The statement does not include unpaid/ estimated future irrecoverable input VAT.

Appendix C: Remuneration update

In accordance with Rule 4.127 IR86, the basis of remuneration agreed in the Administration continues in the Liquidation, and is on a time cost basis.

During the period of this report, the Liquidators have incurred time costs of £24,308.90 plus VAT. This represents 76.40 hours at an average hourly rate of £318.18. A full analysis of these time costs is included in Section 5.

Total time costs incurred for the Liquidation to 16 August 2017 are £701,533.96. Remuneration of £400,000 has been drawn and the balance will be drawn in due course.

Our hours and average rates

Analysis of Liquidators time costs for the period 17 August 2016 to 16 August 2017

Classification of work type	Hours					Total hours	Total cost (£)	Average hourly rate
	Partner	Senior Manager	Manager	Senior Associate	Associate			
Strategy, planning and team management	-	-	3.25	6.15	-	9.40	3,454.65	367.52
Statutory and compliance	0.50	1.20	9.40	17.80	3.60	32.50	11,626.20	357.73
France based former employee related claims	-	-	1.10	8.60	-	9.70	3,065.00	315.98
Other creditors / liabilities	-	-	-	1.40	-	1.40	413.00	295.00
Tax and VAT	-	-	0.10	6.15	-	6.25	2,171.75	347.48
Accounting and treasury	-	-	1.10	4.75	11.30	17.15	3,578.30	208.65
Sub-total	0.50	1.20	14.95	44.85	14.90	76.40	24,308.90	318.18
Brought forward from 16 August 2016						2,349.30	677,245.06	288.28
Overall timecosts at 16 August 2017						2,425.70	701,553.96	289.22

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.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation.

Grade	From 1 July 2016 £	From 1 July 2017 £
Partner	840	865
Senior manager	560	575
Manager	480	495
Senior associate – qualified	400	412
Senior associate – unqualified	295	304
Associate	250	258

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	From 1 July 2016 £	From 1 July 2017 £
Partner	1,250	1,315
Director	1,175	1,235
Senior manager	1,170	1,230
Manager	700	735
Senior Associate / consultant	515	545
Associate / assistant consultant	255	270

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

Payments to associates

No payments to associates were made in the period.

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
Strategy and planning	Allocating tasks between team members and following up on progress Team meetings to review progress of case, agree priorities and discuss key issues	Ongoing maintenance of the Liquidation	Overriding duty to realise the assets to the best advantage and distribute the proceeds, net of costs, among creditors and shareholders according to their rights
Statutory and compliance	Preparing and circulating the Joint Liquidators' fourth progress report to MEQ's creditors, member and the Registrar of Companies Preparing details of the following for the Joint Liquidators' fourth progress report; receipts and payments account; expenses incurred but not yet paid and detailed time cost analyses	Regulatory requirement	Required by statute
	Dealing with the various on-going statutory, other regulatory and internal compliance procedures in the Liquidation e.g. providing regular updates on case progress to the Joint Liquidators Preparing estimated outcome statements for inclusion in the case progression reviews carried out by the Liquidators Dealing with general correspondence addressed to the Liquidators	Regulatory requirement	Required by statute
France based former employee related claims	Liaising with our French lawyer regarding the French Tribunal proceedings	Ongoing maintenance of the Liquidation	Overriding duty to realise the assets to the best advantage and distribute the proceeds, net of costs, among creditors and shareholders according to their rights

Creditors	Responding to creditors' enquiries regarding claims positions and reports, by email, post and phone	Ongoing maintenance of the Liquidation	Statutory duty to keep proper books and records to demonstrate transactions, assets and liabilities and copy correspondence
	Maintaining database of claims and creditors in preparation of potential dividend	Ongoing maintenance of the Liquidation	
Tax and VAT compliance	Preparing, reviewing and submitting VAT returns and general VAT compliance matters	In compliance with duties as proper officers for tax	In compliance with duties as proper officers for tax
	Responding to HMRC's enquiries regarding the corporation tax returns and the financial affairs of the Company		
Accounting and treasury	Processing of payments, receipts, journals and updating nominal ledger	Ongoing maintenance of the Liquidation	Statutory duty to keep proper books and records to demonstrate transactions, assets and liabilities and copy correspondence
	Reconciling post-appointment bank accounts to internal systems		
	Dealing with general accounting enquiries		

Our future work

The following work will be required before the Liquidation can be closed.

Area of work	Work to be undertaken	Estimated cost (£)	Whether or not the work will provide a financial benefit to creditors
Strategy and planning	Allocating tasks between team members and following up on progress	1,250	Overriding duty to realise the assets to the best advantage and distribute the proceeds, net of costs, among creditors and shareholders according to their rights
	Team meetings to review progress of case, agree priorities, discuss key issues and plan for closure	1,250	
Statutory and compliance	Dealing with the various on-going statutory, other regulatory and internal compliance procedures in the Liquidation e.g. providing regular updates on case progress to the Joint Liquidators	2,500	Required by statute
	Preparation and circulation of Liquidators' sixth annual progress report to creditors	6,000	
	Preparation and circulation of Liquidators' final progress report to creditors	6,000	
	Preparing estimated outcome statements for inclusion in the case progression reviews carried out by the Liquidators	3,000	
	Closure requirements including holding of final meetings, cancelling bond insurance and review of books and records	2,000	
France based former employee related claims	Liaising with our French lawyer regarding the French Tribunal proceedings	3,750	Statutory duty to ensure correct treatment and mitigation of claims, in order to maximise distributions
	Continuing to monitor French Tribunal proceedings, including appeal hearing	3,500	

	Review and adjudicate on employee claims as necessary once Tribunal judgement received	7,000	
Other creditors / liabilities	Responding to creditors' enquiries regarding claims positions and reports, by email, post and phone	1,750	Statutory duty to keep proper books and records to demonstrate transactions, assets and liabilities and copy correspondence
	Maintaining database of claims and creditors in preparation of potential dividend	1,250	
	Adjudicate any additional claims received	3,500	
	Preparation and distribution of first and final dividend to unsecured creditors	20,000	
Tax and VAT compliance	Preparation and submission to HMRC of post appointment VAT returns	4,500	In compliance with duties as proper officers for tax
	Responding to HMRC's enquiries regarding the corporation tax returns and financial affairs of the Company prior to the Administration	2,250	
	Obtain clearance from HMRC in order to close the Liquidation	2,000	
Accounting and treasury	Processing of payments, receipts, journals and updating nominal ledger	5,500	Statutory duty to keep proper books and records to demonstrate transactions, assets and liabilities and copy correspondence
	Reconciling post-appointment bank accounts to internal systems	1,500	
	Final reconciliation and closure of bank accounts	1,500	
Total		80,000	

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 where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying - at 12 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	411
2	Mileage - At a maximum of 55 pence per mile (up to 2,000cc) or 75 pence per mile (over 2,000cc)	Nil
1	Storage Charges	15
1	Fides Charges – internet banking charges	201
Total		627

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.

Legal and other professional firms

In the period covered by this report, the Liquidators have engaged LMBE Avocats as professional advisers, in the France based employee issue. They will be paid on a time costs basis.

The Liquidators' choice was based upon their perception of the advisers experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

The Liquidators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

Appendix D: Other information

Company's registered name:	MEQ Realisations Limited (formerly Mint Limited)
Registered number:	05071454
Registered address:	7 More London Riverside, London, SE1 2RT
Date of the Liquidators' appointment:	17 August 2011
Liquidators' names, addresses and contact details:	David Christian Chubb and Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Call Thomas Wadey on 0113 289 4322

Appendix E: Creditors' rights to opt out of receiving certain communications

The Insolvency (England and Wales) Rules 2016 (“IR16”)

Information provided to creditors on opting out in accordance with Rule 1.39

As part of our first communication with you, we are required to inform you about your right to elect to opt out of receiving further documents relating to these proceedings as follows:

You have the right to elect to opt out of receiving further documents about these proceedings unless:

- (a) the Insolvency Act 1986 requires a document to be delivered to all creditors without expressly excluding opted-out creditors;
- (b) it is a notice relating to a change in the office-holder or the office-holder's contact details, or;
- (c) it is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Any election to opt out will not affect a creditor's entitlement to receive dividends, should any be paid to creditors. Similarly, unless IR16 provide to the contrary, opting-out will not affect any right the creditor may have to vote in a decision procedure or participate in a deemed consent procedure in these proceedings, although the creditor will not receive notice of it.

If a creditor opts out, they will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the same company.

A creditor can opt out at any time by delivering written notice to the office holder at the postal address noted in the covering correspondence or by e-mail to: creditorsenquiries@uk.pwc.com. The notice must be authenticated in accordance with rule 1.5 IR16 and dated by the creditor. A creditor will be treated as an opted-out creditor as soon as reasonably practicable after delivery of the creditor's election to opt out.

An election to opt out can be revoked at any time by delivering a further notice to the office-holder in writing, authenticated and dated by the creditor. A creditor ceases to be an opted-out creditor from the date the notice is received by the office holder.

Should you have any questions on this process, please use the contact details in the covering correspondence.