



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

**Joint Liquidators’ progress report to members and creditors for the year
ended 16 August 2015**

2 October 2015

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1. Executive summary

Company	MEQ Realisations Limited (formerly Mint Equities Limited)		
Registered Number	05071454		
Registered Address	7 More London Riverside, London SE1 2RT		
Type of Insolvency	Creditors' Voluntary Liquidation		
Date of Appointment	17 August 2011		
Appointees	David Christian Chubb and Zelf Hussain		
Address	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT		
Dividend Prospects		Current estimate P in £	Previous estimate P in £
	Preferential	100 (if applicable)	100 (if applicable)
	Unsecured	1.8 to 3.8	2.8 to 4
	<i>Please note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision.</i>		

2. Joint Liquidators' report to members and creditors for the year ended 16 August 2015

Introduction

Pursuant to Rule 4.49C of the Insolvency Rules 1986 ("IR'86"), I am pleased to present the Joint Liquidators' ("Liquidators") fourth progress report to members and all known creditors on the conduct of the Liquidation of MEQ Realisations Limited ("the Company" or "MEQ").

Background to the Liquidation

On 19 August 2010, David Christian Chubb and Peter Norman Spratt of PricewaterhouseCoopers LLP were appointed Joint Administrators ("Administrators") of the Company. The Administration was concluded on 17 August 2011, being the date the Company moved into Creditors' Voluntary Liquidation.

Change in Liquidator during the year

Peter Norman Spratt has recently retired from PwC, so an application was made to Court to facilitate his removal as Liquidator and the appointment of Zelf Hussain in his place.

The application was granted and, consequently, Zelf Hussain replaced Peter Norman Spratt as Joint Liquidator with effect from 30 June 2015. A notice confirming this was published in the London Gazette on 23 July 2015.

Creditors have 28 days from receipt of this notice to apply to the Court to vary or discharge this Order. Should no such applications be made, Peter Norman Spratt will be released from all liability in respect of his conduct as Liquidator, by the Secretary of State.

Assets realised

Book debts and other amounts realised during the Liquidation total £380k and have been detailed in previous reports.

Asset still to be realised

Inter-company debtors

The Company has submitted a claim of £848k in the Liquidation of Mint Partners Limited ("MPL") which has been admitted for dividend purposes. MEQ's claim currently represents approximately 42% of the total value of claims received to date in this estate and it therefore has a significant interest in the outcome of MPL's Liquidation.

MPL's remaining asset is its shareholding in MA Realisations Limited ("MARL"). MARL is a non-trading subsidiary of MPL that has an indirect interest in a property asset. Due to confidentiality issues imposed under the terms of the agreement, only limited information can be disclosed.

Due to its interest in the outcome of MPL's liquidation, the Company provided a loan to MARL (via MPL) in order that MARL's directors might fully explore whether value can be realised for this asset. This exercise is ongoing and MARL's directors remain of the opinion that there may be value in this asset, and if so MEQ could benefit via its claim against MPL.

The outcome remains very uncertain and there is a significant risk that the loan may not be recovered.

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

Former employees in France

Background to claims

Eleven of the former employees based in France submitted revised claims to the French Tribunal totalling €3.2m (£2.6m) against the Company.

Under EC Regulations on Insolvency Proceedings, it is French law which governs the amounts to which the former employees are entitled under their employment contracts but English law and procedure which

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determines the lodging, adjudicating and ranking of the former employees' claims. Therefore, these claims are affected by both French and English law.

As reported in the Liquidators' third progress dated 21 October 2014, the Tribunal provided its judgement on 29 August 2014, which rejected the former employees' claims in full. After the Liquidators' previous report was circulated, the Liquidators were made aware that eight of the eleven former employees had submitted appeals, having previously been told that they had not done so.

The value of the appealed claims is €2.7m (£2.2m). The Liquidators have been advised that the three claims which were not appealed can now be adjudicated and rejected. Given the appeals of the other eight former employees, the Liquidators have been advised that the unsecured elements of these France based former employees' claims cannot be adjudicated.

We are currently waiting for an appeal hearing date, which our French solicitor has advised could be expected to be in late 2017.

France's equivalent of England's Redundancy Payments Office (called the "AGS") has made payments to those former employees and has submitted a claim of €609k (£501k) in the Company's estate, which has both preferential and unsecured elements.

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

We have investigated with our UK and French lawyers whether there is any way in which we can accelerate the issue 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.

Liquidators' receipts and payments account

An account of the receipts and payments in the Liquidation to 16 August 2015 is set out in Section 3.

Expenses statement

A statement of the expenses incurred by the Administrators and Liquidators but not paid as at 16 August 2015 including irrecoverable VAT on those expenses is included in Section 4.

The Administrators' accrued and unpaid expenses will be met from funds held by the Liquidators in accordance with Paragraph 99 of Schedule B1 to the Insolvency Act 1986 ("IA'86").

Outcome for creditors

(i) Secured Creditor

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

(ii) Preferential Creditors

The only preferential creditors are expected to be the eight former employees based in France, who appealed the Tribunal's judgement. This is because the other three France based former employees' claims have been rejected by the Tribunal and all other employees were transferred under TUPE regulations to the purchaser of the business for which they worked.

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.

(iii) Unsecured creditors

As at 16 August 2015, 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.

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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

The dividend rate is estimated to be between 1.8p and 3.8p in the £. The lower rate will be applicable should the France based former employees' claims be admissible in the Liquidation.

However, the timing of the dividend is uncertain due to the need to resolve and conclude the outstanding matters described in this report.

Creditors who do not submit claims will be excluded from any dividend once the assets in the estate have been distributed. Any creditor who has not yet submitted a claim and wishes to do so, should submit it in writing to Amy Chismon at this office. Proof of debt forms are also available from the same address.

Professional Advisers

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.

Liquidators' remuneration

In accordance with Rule 4.127 IR'86, the basis of remuneration agreed in the Administration will continue in the Liquidation.

During the period of this report, the Liquidators have incurred time costs of £32,707.25 plus VAT. This represents 102.05 hours at an average hourly rate of £320.50. A full analysis of these time costs is included in Section 5.

Total time costs incurred for the Liquidation to 16 August 2015 are £655,929. Remuneration of £300k has been drawn and the balance will be drawn in due course.

Liquidators' disbursements

The Liquidators have incurred Category 1 disbursements of £1,564 during the period covered by this report. Category 1 disbursements are those expenses invoiced by third parties but paid directly by the Insolvency Practitioners' firm.

The above disbursements are reimbursed at cost although no further amounts have been drawn to date.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 4.49E of the Insolvency Rules 1986.

Any request must be in writing. Creditors can also challenge the liquidators' fees and expenses within eight weeks of receiving this report as set out in Rule 4.131. This information can also be found in the guide to fees at: <http://www.icaew.com/en/technical/insolvency/creditors-guides>

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Additional information

If any creditor requires further explanations on any aspect of the Liquidators' progress report, then please telephone Amy Chismon on +44 (0) 20 7212 6815 who will be pleased to deal with such enquiries. However, any request for further information regarding the Liquidators' remuneration or disbursements should be made in writing (Rule 4.49E IR'86).

In addition, should any creditor consider the Liquidators' remuneration and disbursements to be excessive or inappropriate, they have the right to challenge the amounts in accordance with Rule 4.131 IR'86.

The Liquidators' next report to creditors will be circulated at the earlier of the conclusion of the Liquidation or in approximately 12 months.



David Chubb
Joint Liquidator
MEQ Realisations Limited (formerly Mint Equities Limited)

DC Chubb and Z Hussain have been appointed as Joint Liquidators of MEQ Realisations Limited (formerly Mint Equities Limited). DC Chubb and Z Hussain 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.

3. Summary of the Joint Liquidators' receipts and payments for the period 17 August 2014 to 16 August 2015

	Notes	As at 16-Aug-14 £	Movement in year £	Cumulative to 16-Aug-15 £
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)		69,240	-	69,240
Distribution received from Mint USA		4,155	-	4,155
Refunds		911	-	911
Third party funds	1	-	-	-
VAT receipts	2	26,118	-	26,118
Output VAT		11,972	-	11,972
		<u>1,746,289</u>	<u>-</u>	<u>1,746,289</u>
Payments				
Joint Administrators' remuneration		40,000	-	40,000
Joint Liquidators' remuneration		300,000	-	300,000
PwC Paris remuneration		4,201	-	4,201
Legal and other professional costs - Liquidation		132,477	18,584	151,061
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		895	69	964
VAT payments		8,009	657	8,666
Irrecoverable input VAT	3	96,524	3,122	99,646
Recoverable input VAT		18,386	595	18,981
		<u>783,936</u>	<u>23,027</u>	<u>806,963</u>
Cash in hand	4	<u>962,353</u>	<u>(23,027)</u>	<u>939,326</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 not currently earning interest.

4. Statement of expenses incurred but not yet paid as at 16 August 2015

	As at 16-Aug-14 £	Movement in year £	Cumulative to 16-Aug-15 £	Notes
Expenses incurred during the Administration				
Balance of Joint Administrators' time costs	144,221	-	144,221	
Joint Administrators' disbursements	2,613	-	2,613	
Expenses incurred during the Liquidation				
Balance of Joint Liquidators' time costs	323,222	32,707	355,929	
Joint Liquidators' disbursements	6,205	1,564	7,769	
Legal and other professional fees:				
Nabarro LLP	991	-	991	
LMRE Avocats	284	1,845	2,129	(1)
Irrecoverable VAT	80,226	6,068	86,294	
	<u>557,762</u>	<u>42,184</u>	<u>599,946</u>	
Notes				

1. €400 as at 16 Aug 14 and €2,600 movement in the year. Based on GBP exchange rate as at 16 August 2015.

5. Analysis of the Joint Liquidators' time costs for the period 17 August 2014 to 16 August 2015

Classification of work type	Hours					Total hours	Total cost (£)	Average hourly rate (£/h)
	Partner / Director	Senior Manager	Manager	Senior Associate	Associate			
Strategy, planning & team management		0.55		3.10	1.00	4.65	1,421.50	305.70
Statutory & compliance	0.60	6.90	0.50	33.40	9.85	51.25	16,238.25	316.84
France based former employee related claims		3.90		11.00		14.90	5,421.50	363.86
Other creditors / liabilities		0.90		3.20		4.10	1,436.00	350.24
Tax & VAT			3.40	8.70	1.80	13.90	5,581.00	401.51
Accounting & treasury		0.25		4.60	8.40	13.25	2,609.00	196.91
Total hours	0.60	12.50	3.90	64.00	21.05	102.05		
Total cost (£)	477.00	6,725.00	2,372.00	18,953.75	4,179.50		32,707.25	
Average rate (£/h)	795.00	538.00	608.21	296.15	198.55			320.50

The key areas of work have been:-

Strategy, planning & team management

- Internal team meetings / discussions to discuss key issues, progress of the Liquidation, strategy (assets and exit) and budget
- Preparing file notes on the progress of the Liquidation and key issues that remain to be dealt with
- Managing and supervising junior staff

Statutory & compliance

- Preparing and circulating the Joint Liquidators' third progress report to MEQ's creditors, member and the Registrar of Companies
- Preparing details of the following for the Joint Liquidators' third progress report; receipts and payments account; expenses incurred but not yet paid and detailed time cost analyses
- 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 Joint Liquidators
- Dealing with general correspondence addressed to the Joint Liquidators

5. Analysis of the Joint Liquidators' time costs for the period 17 August 2014 to 16 August 2015

France based former employee related claims

- Liaising with our French solicitors regarding the French Tribunal proceedings including reviewing the 2014 judgement; obtaining details on the French employees appeal and liaising with BGC and our legal advisers to coordinate efforts
- Obtaining legal advice on the treatment of the claims of the former employees in the Company's estate
- Liaising with the French Liquidator for further information regarding the former employees' statutory entitlements in France and other potential non-employee claims arising from MEQ's former operations in France

Other creditors/ liabilities

- Responding to creditors' enquiries regarding claims positions and reports, by email, post and phone
- Updating records of new creditors, change of addresses and submitted claims

Tax & VAT

- Preparing, reviewing and submitting VAT returns and general VAT compliance matters
- Responding to HMRC's enquiries regarding the corporation tax returns and the financial affairs of the Company prior to the Administration

Accounting & treasury

- Processing of payments, receipts, journals and updating nominal ledger
- Preparing, signing and sending cheques. Review and authorisation by senior staff of each payment
- Preparing and reviewing bank reconciliations
- Dealing with general accounting enquiries

6. The Joint Liquidators' charging policy

Time costs

The time charged to the Liquidation is by reference to the time properly given by the Liquidators and their staff in attending to matters arising.

It is the Liquidators' policy to delegate the routine administration of the Liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidators.

Set out below are the maximum charge out rates per hour for the Liquidators' staff actually or likely to be involved on this assignment. Time is charge by reference to actual work carried out on the assignment in three minute units. The minimum time chargeable is therefore three minutes (i.e. 0.05 hours). There has been no allocation of any general costs or overhead costs.

In common with all professional firms, the scale rates used by the Liquidators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Liquidation. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. As stated below, amendments to these rates apply with effect from 1 July 2015.

Grade	Maximum rate per hour Up to 30 June 2015 (£)	Maximum rate per hour From 1 July 2015 (£)
Partner	795	825
Senior Manager	540	550
Manager	460	470
Senior Associate (qualified)	380	390
Senior Associate (unqualified)	285	290
Associate	240	245

Specialist departments within PricewaterhouseCoopers LLP, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the Liquidators require their expert advice. Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour.

Grade	Maximum rate per hour Up to 30 June 2015 (£)	Maximum rate per hour From 1 July 2015 (£)
Partner	1,130	1,190
Director	1,040	1,115
Senior Manager	960	1,110
Manager	630	665
Senior Associate (qualified)	465	490
Senior Associate (unqualified)	265	290
Associate	226	240