



**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 2014**

21 October 2014

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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 Peter Norman Spratt		
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
	Unsecured	2.8 to 4	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 2014

Introduction

Pursuant to Rule 4.49C of the Insolvency Rules 1986 ("IR'86"), I am pleased to present the Joint Liquidators' ("Liquidators") third 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.

Assets realised

The Company's assets dealt with in the Liquidation are as follows:

(i) Certain book debts which were over 120 days old at the date of Administration

Book debts which were over 120 days old at the date of the Administration were specifically excluded from the sale of the business to BGC Partners LP ("BGC") in the Administration. The total book value of these debts at the date of the Administration was approximately £827k (sterling equivalent).

Following an extensive reconciliation of the residual sums due to the Company from book debt receipts which were either paid to BGC directly or into the Company's pre-appointment bank account, the final net realisations due to the Company totalled £271k. The balance due to BGC was paid to BGC at the same time and the pre-appointment bank account closed.

(ii) Other trade debtors

Under the terms of the sale agreement the Company was to receive half of any recoveries above 80% of the book value of debts up to 120 days old at the time of the Administration. BGC confirmed that this threshold was exceeded by £26k and the Company received £13k in relation to these debtors.

(iii) Disputed amount

As part of the overall agreement regarding the correct apportionment of book debts, BGC agreed that the Company would retain funds totalling approximately £130k, to which BGC had claimed title. These funds were received by the Company in the preceding Administration and so form part of the funds received from the Joint Administrators on the receipts and payments account.

(iv) Contribution towards costs

Part of the costs incurred by the Administrators, the Liquidators and their legal advisers are recoverable by the Company from BGC under the terms of the SPA. The Company recovered a final sum of £38k plus VAT from BGC in the period covered by this report, and £69k in total.

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 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.

One of MPL's remaining assets 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, it has continued to prove time

2. Joint Liquidators' report to members and creditors for the year ended 16 August 2014

consuming to establish whether it has any value. However, MARL's directors are of the opinion that there is value in this asset, and if so MEQ could benefit via its claim against MPL. MARL has no funds in its own right with which to pursue this matter and neither does MPL. In view of MEQ's interest in the outcome of MPL's Liquidation, your Liquidation Committee has approved a loan to MARL (via MPL) to fund the next steps that MARL's directors are pursuing in order to fully explore whether value can be realised for this asset.

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.

Liquidators' receipts and payments account

An account of the receipts and payments in the Liquidation to 16 August 2014 is set out in Section 3.

The Liquidators have included a separate statement regarding movements in third party monies held in the Company's remaining pre-appointment bank account. Prior to their distribution, these monies were under the control of the Liquidators. All pre-appointment accounts have now been closed.

Expenses statement

A statement of the expenses incurred by the Administrators and Liquidators but not paid as at 16 August 2014 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

HSBC, the secured creditor was repaid in full under its fixed and floating charges over the Company and MPL's assets in the Administration. The balance paid to HSBC by the Company was £390.8k.

(ii) Preferential Creditors

The only preferential creditors were expected to be the former employees based in France, as all other employees were transferred under TUPE regulations to the purchaser of the business for which they worked.

In the judgement from the French Tribunal discussed below, the Liquidators have been advised that the employees' claims were rejected in full. The Liquidators are obtaining legal advice as to whether this includes the claim of France's equivalent of the Redundancy Payments Office (called the "AGS") of €609k (£501k). Based on advice received to date, the Liquidators anticipate that there will not be any preferential claims, however this will be dependent on the position of the AGS' claim.

(iii) France based former employee related claims

The France based former employees submitted revised claims to the French Tribunal totalling €3.8m (£3.2m) against the Company and BGC.

Under EC Regulations on Insolvency Proceedings, it is French law which governs the payments to which the former employees are entitled under their employment contracts but English law and procedure which determines the lodging, adjudicating and ranking of the former employees' claims. Therefore, these claims are affected by both French and English law.

The Tribunal heard the case on 19 June 2014 and provided its judgement on 29 August 2014. The Liquidators have been advised that the employees' claims were rejected in full. The judgement became binding on 9 October 2014 after the deadline for appeals passed.

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(iv) Unsecured creditors

As at 16 August 2014, 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.

Given the judgement of the French Tribunal, the Liquidators have been advised that the unsecured elements of the France based former employee related claims can now be adjudicated and rejected.

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 2.8p and 4p in the £. The lower rate will be applicable should the preferential element of the AGS' claim be admissible in the Liquidation. Although the France based former employees' claims can be rejected, given the costs of the Liquidation have increased, the higher rate has not increased significantly from the Liquidators' previous estimate.

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

During the period of this report, the Liquidators engaged the professional advisers listed below:

Name of Professional Adviser	Nature of Work	Basis of Fee Arrangement
Nabarro LLP	Legal	Time costs
Judith Beckhard-Cardoso (LMBE Avocats)	Legal - France based employee issue	Time costs
CBR Associes	Legal - France based employee issue	Time costs
Eversheds LLP	Legal	Time costs

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.

2. Joint Liquidators' report to members and creditors for the year ended 16 August 2014

(i) Liquidators' time costs

During the period of this report, the Liquidators have incurred time costs of £133,258 plus VAT. This represents 405 hours at an average hourly rate of £329. A full analysis of these time costs is included in Section 5.

Total time costs incurred for the Liquidation to 16 August 2014 are £623,222. 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 £5,027 during the period covered by this report. Category 1 disbursements are those expenses invoiced by third parties but paid directly by the Insolvency Practitioners's firm.

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

Creditors' rights

A copy of the guidance available to creditors regarding liquidators' fees can be found at the following link:
www.pwc.co.uk/mint

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 PN Spratt 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 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 2013 to 16 August 2014

	Notes	As at 16-Aug-13 £	Movement in year £	Cumulative to 16-Aug-14 £
Receipts				
Funds received from the Joint Administrators		1,327,878		1,327,878
Net debtor receipts	1	21,363	284,652	306,015
Contribution towards costs (received from BGC)		31,086	38,154	69,240
Distribution received from Mint USA		4,155		4,155
Refunds		911		911
Third party funds	2	36,549	(36,549)	-
VAT receipts	3	22,539	3,579	26,118
Output VAT		5,445	6,527	11,972
		<u>1,449,926</u>	<u>296,363</u>	<u>1,746,289</u>
Payments				
Joint Administrators' remuneration		40,000		40,000
Joint Liquidators' remuneration		200,000	100,000	300,000
PwC Paris remuneration			4,201	4,201
Legal and other professional costs - Liquidation		96,369	36,108	132,477
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		802	93	895
VAT payments		7,435	574	8,009
Irrecoverable input VAT	4	68,932	27,592	96,524
Recoverable input VAT		13,130	5,256	18,386
		<u>550,112</u>	<u>233,824</u>	<u>783,936</u>
Cash in hand	5	<u>899,814</u>	<u>62,539</u>	<u>962,353</u>

Notes

1. Movement in year includes £322,690 received from pre-appointment accounts.
2. Funds totalling £36,549 were received from BGC in error and returned to BGC.
3. VAT receipts includes recoveries from the Administration.
4. 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.
5. Funds not currently earning interest.

3. Summary of the Joint Liquidators' receipts and payments for the period 17 August 2013 to 16 August 2014

Pre-appointment bank account under the control of the Joint Liquidators

	Notes	GBP		
		16-Aug-13	Movement in year	16-Aug-14
Receipts				
Balance brought forward from Administration		377,357	-	377,357
Inter-company transfer		182,764	-	182,764
Debtor receipts		189,191	-	189,191
		749,312	-	749,312
Payments				
Transfer of debtor receipts to BGC		85,226	281,011	366,237
Transfer of debtor receipts to MEQ	1	36,531	322,690	359,221
Transfer of debtor receipts to MPL	2	-	23,601	23,601
Bank charges		253	-	253
		122,010	627,302	749,312
Balance held	3	627,302	(627,302)	-

Notes

1. These funds were transferred to MEQ's post-appointment bank account. Movement in the year comprises final net debtor receipts of £271k and £13.4k due to MEQ and BGC's final contribution of £38k including VAT towards costs incurred by MEQ.
2. Movements in the year comprises BGC's final contribution of £23.6k including VAT towards costs incurred by MPL.
3. All pre-appointment bank accounts have now been closed.

4. Statement of expenses incurred but not yet paid as at 16 August 2014

Expenses incurred during the Administration	£	Notes
Balance of Joint Administrators' time costs	144,221	(1)
Joint Administrators' disbursements	2,613	
Expenses incurred during the Liquidation		
Balance of Joint Liquidators' time costs	323,222	(1)
Joint Liquidators' disbursements	6,205	
Legal and other professional fees:		
Nabarro LLP	991	(1)
Eversheds LLP	18,583	
LMRE Avocats (€400)	321	(2)
Irrecoverable VAT	83,354	
	<u>579,510</u>	

Notes

1. Part of the costs incurred by the former Administrators, the Liquidators and legal advisers are recoverable by the Company from BGC under the sale and purchase agreement.
2. Based on GBP exchange rate as at 16 August 2014.

5. Analysis of the Joint Liquidators' time costs for the period 17 August 2013 to 16 August 2014

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		0.70		8.65	1.20	10.55	3,222.20	305.42
Statutory & compliance	0.20	6.50		61.10	6.25	74.05	25,442.75	343.59
Data Controller obligations	2.85	64.65	4.00	80.80	62.05	214.35	71,689.75	334.45
France based former employee related claims		2.35		18.00	1.70	22.05	8,061.75	365.61
Other creditors / liabilities				3.05	1.80	4.85	1,252.50	258.25
Tax & VAT		4.15	1.45	11.75	8.70	26.05	9,391.91	360.53
Accounting & treasury	0.10	5.35		26.30	21.35	53.10	14,197.60	267.37
Total hours	3.15	83.70	5.45	209.65	103.05	405.00		
Total cost (£)	2,225.50	44,283.50	2,291.75	67,838.60	16,619.11		133,258.46	
Average rate (£/h)	706.51	529.07	420.50	323.58	161.27			329.03

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
- Dealing with internal filing requirements
- Allocating tasks between team members and following up on progress
- Managing and supervising junior staff

Statutory & compliance

- Preparing and circulating the Joint Liquidators' second progress report to MEQ's creditors, member and the Registrar of Companies
- Preparing details of the following for the Joint Liquidators' second progress report; receipts and payments account; expenses incurred but not yet paid and detailed time cost analyses
- Preparing and circulating updating reports to the Liquidation Committee and dealing with subsequent enquiries raised
- 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

5. Analysis of the Joint Liquidators' time costs for the period 17 August 2013 to 16 August 2014

- Preparing estimated outcome statements for inclusion in the Liquidation Committee report and case progression reviews carried out by the Joint Liquidators
- Dealing with general correspondence addressed to the Joint Liquidators.

Data Controller obligations

- Investigating, reviewing and responding to subject access request, made under the Data Protection Act 1998

France based former employee related claims

- Liaising with Nabarro and French solicitors regarding the French Tribunal proceedings including providing further documents as and when necessary to prepare the Company's defence; complying with the French Tribunal's directive regarding release of certain documentation 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
- Liaising with the AGS for further information in support of its claim

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
- Reviewing and adjudicating creditor claims; seeking further information where necessary and issuing admitted / rejected letters

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 2014.

Grade	Maximum rate per hour Up to 30 June 2014 (£)	Maximum rate per hour From 1 July 2014 (£)
Partner	775	795
Senior Manager	525	540
Manager	444	460
Senior Associate (qualified)	370	380
Senior Associate (unqualified)	275	285
Associate	230	240

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	Rate per hour (£)
Partner	1,075
Director	990
Senior Manager	915
Manager	572
Senior Associate (qualified)	410
Senior Associate (unqualified)	278
Associate	226