

The Insolvency Act 1986

Liquidator's Progress Report

S.192

Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986

To the Registrar of Companies

For official use

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Company Number

04034645

Insert full name of
company

Name of Company

MERCHANT HOUSE GROUP PLC

Insert full name(s) and address(es)

I/We (a) A D Cadwallader
One Great Cumberland Place, London
W1H 7LW

the liquidator (s) of the Company, attach a copy of my Progress Report under section 192 of the
Insolvency Act 1986

The Progress Report covers the period from 27 March 2014 to 26 March 2015

Signed




Date

29 April 2015

Presenter's name,
address and reference
(if any)

Leonard Curtis

One Great Cumberland PlaceMarble
Arch, London W1H 7LW
(Ref UC30)

For Official Use	
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COMPANIES HOUSE	



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

MERCHANT HOUSE GROUP PLC
(In Creditors' Voluntary Liquidation)

Registered Number 04034645

Joint Liquidators' Annual Progress Report
for the period from 27 March 2014 to 26 March 2015

29 April 2015

Leonard Curtis

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Ref L/30/UC/SMER09/1010

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TO THE REGISTRAR OF COMPANIES, ALL MEMBERS AND ALL CREDITORS

1 INTRODUCTION

- 1.1 N A Bennett and I were appointed Joint Liquidators of Merchant House Group Plc ("the Company") on 27 March 2014 when a Notice of Move from Administration to Creditors' Voluntary Liquidation was registered by the Registrar of Companies. I am licensed in the UK by the Institute of Chartered Accountants in England and Wales and N A Bennett is licensed in the UK by the Insolvency Practitioners Association.
- 1.2 This progress report provides an update on the conduct of the liquidation as required by Section 104(a)(1) of the Insolvency Act 1986. It contains details of the progress made, the expected outcome for creditors and other information that we are required to disclose.

2 PROGRESS OF THE LIQUIDATION

- 2.1 The Company's registered office was changed from 34 Lime Street, London EC3M 7AT to One Great Cumberland Place, Marble Arch, London W1H 7LW in the Administration that preceded the liquidation. The registered number is 04034645.
- 2.2 Assets**
- 2.2.1 The Company's main assets consisted of its investments in its subsidiary companies and connected company debts.
- 2.2.2 The Company was a shareholder of Merchant Funds Plc ("MFP"). MFP is subject to insolvency proceedings in Ireland.
- 2.2.3 It has been established that the Company will not receive any surplus funds from MFP.
- 2.2.4 The Company has an intercompany debt due by Merchant House Financial Services Limited ("MHFS"), which is itself also in liquidation. The likelihood of any distribution from MHFS is currently uncertain. We will update creditors in future reports.
- 2.3 Unpaid Pre-Administration Costs**
- 2.3.1 There were outstanding pre-appointment costs, which James Holmes ("Mr Holmes"), a director of the Company had undertaken to settle.
- 2.3.2 We instructed Husband Collection Services Limited ("HCS") to collect these monies on our behalf and in September 2014 we received £6,529 which included an element of HCS's collection costs. These funds have been used to settle the appropriate costs as shown in the receipts and payments account, attached at Appendix A.

3 ASSETS THAT REMAIN TO BE REALISED

The only asset that remains to be realised is any distribution(s) received from the liquidation of MHFS.

4 RECEIPTS AND PAYMENTS ACCOUNT AND OUTCOME FOR CREDITORS

Receipts and Payments Account

- 4 1 We attach at Appendix A a summary of our receipts and payments during the period of this report
- 4 2 Details of expenses incurred and paid during the period of this report are shown on the receipts and payments account. Expenses incurred but not yet paid are as follows

Detail	£
Storage	209 50
Sundry Expenses & Disbursements	53 85
Statutory Advertising	84 60
IT Licence Fee	87 00
Joint Administrators' Unpaid Expenses	2,573 09
Total	3,008 04

Creditors

4 3 Secured Creditor

Beia Capital Limited ("Beia") is a secured creditor and holds two debentures dated 3 July and 22 October 2012, incorporating fixed and floating charges over the Company's assets. Beia were owed approximately £1.6m as at the date of the Joint Administrators' appointment and are likely to suffer a substantial shortfall.

4 4 Preferential Creditors

Preferential claims for unpaid employee wages and accrued holiday pay are estimated at £4,800. Based on present information, it is not expected that there will be sufficient funds to enable a distribution to preferential creditors, unless we receive a substantial distribution from the liquidation of MHFS.

4 5 Prescribed Part

- 4 5 1 The Act provides that, where a company has created a floating charge after 15 September 2003, we must make a prescribed part of the company's net property available to the unsecured creditors.
- 4 5 2 The Company's net property, before costs, remains uncertain as we are still unable to estimate what realisations will be forthcoming. The final quantum of the prescribed part will depend on the level of costs and preferential claims. However, if the Company's net property is less than the prescribed minimum, currently £10,000, and we think that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits, the provision will not apply. The Act further provides that, notwithstanding that the Company's net property is more than the prescribed minimum, we may also apply for an order that this provision shall not apply, again on the ground that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. In this case we do not propose to make such an application.

4 6 Unsecured Creditors

It is unlikely that there will be any funds available to enable a distribution to be paid to unsecured creditors, unless we receive a substantial distribution from the liquidation of MHFS. We shall update creditors in future reports.

5 INVESTIGATIONS

- 5.1 We have complied with our statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority
- 5.2 We have carried out enquiries that we considered to be proportionate to the circumstances of the case. After completing these we were of the opinion that there were no matters that might lead to recoveries for the estate and that no further investigation was appropriate

6 JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

- 6.1 In accordance with the resolution passed in the Administration that preceded the liquidation our remuneration is fixed and payable by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. Our time costs during the period of this report are £11,605 which represents 45.7 hours at an average hourly rate of £253.94. We attach at Appendix B a time analysis which provides details of the activity costs incurred by staff grade during the liquidation. Details of our company's charge out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are also attached at Appendix C.
- 6.2 Further information may be found in "Guide to Liquidators' Fees". This may be downloaded from www.leonardcurtis.co.uk/resources/creditorsguides or is available from our office free of charge on request. No payment has yet been made on account of these costs. These costs will be paid in the liquidation, subject to any realisations.
- 6.3 Also, in accordance with the resolution passed in the Administration, creditors approved the basis for recharging disbursements that include an element of allocated cost or payments to outside parties in which we or our company have an interest. In this case, the following costs falling into the above categories have been incurred and, where indicated, reimbursed to our company:

Type	Incurred £	Paid £	Unpaid £
Internal photocopying @ 10p per copy	11.90	-	11.90
General stationery, postage, telephone etc @ £100 per 100 creditors/ members or part thereof	-	-	-
Room hire @£100 per meeting	-	-	-
Storage of office files (6 years) £88.75 per box	-	-	-
Business mileage @45p a mile	-	-	-
Total	11.90	-	11.90

- 6.4 During the liquidation we have used the following professional advisors, including subcontractors:

Name of Professional Advisor	Service Provided	Basis of Fees
Husband Collection Services Limited	Debt Collection Services	Percentage of Realisations

7 CREDITORS' RIGHTS

- 7.1 A secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may within 21 days of the receipt of this report make a request in writing to us for further information about remuneration or expenses set out in this report.
- 7.2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that -

Merchant House Group plc – In Creditors' Voluntary Liquidation

- i) the time or cost of preparation of the information would be excessive, or
- ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
- iii) we are subject to an obligation of confidentiality in respect of the information

We must also give reasons for not providing all of the information

- 7.3 Any creditor of the Company, who need not be the same creditor who asked for the information, may within 21 days of our giving reasons for not providing all of the information, or if we fail to provide the information with 14 days of being so requested, apply to the Court and the Court may make such order as it thinks just
- 7.4 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the basis fixed for our remuneration, the remuneration charged or the expenses incurred by me as set out in this progress report are excessive

If you require further information please contact our office **in writing** Electronic communications should include a full postal address

Yours faithfully



A D CADWALLADER
Joint Liquidator

Licensed in the UK by the Institute of Chartered Accountants in England and Wales

APPENDIX A

Summary of Joint Liquidators' Receipts and Payments
from 27 March 2014 to 26 March 2015

	Statement of Affairs	
	£	£
Receipts		
Investment in Group Undertakings	Nil	-
Investments	Nil	-
Trade and Other Receivables	Uncertain	-
	-	-
Contribution towards Unpaid Pre-Administration Costs		6,000 00
Contribution towards Collection Costs		528 68
Deposit Interest Gross		2 08
		6,530 76
Payments		
Unpaid Pre-Administration Costs	2,850 00	
Unpaid Post-Administration Costs	1,235 00	
Collection Costs	1,164 30	
VAT	1,012 86	6,262 16
Balance in Hand		268 60

Summary of Liquidators' Time Costs from 27 March 2014 to 26 March 2015

	Director		Senior Manager		Manager 2		Administrator 2		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	8	328 00	14	448 00	56	1,288 00	78	2,064 00	264 62
Receipts & Payments	-	-	-	-	-	-	30	690 00	30	690 00	230 00
Assets	-	-	-	-	3	96 00	29	667 00	32	763 00	238 44
Liabilities	-	-	-	-	-	-	65	1,495 00	65	1,495 00	230 00
Debenture Holder	-	-	-	-	-	-	3	69 00	3	69 00	230 00
General Administration	-	-	3	123 00	-	-	93	2,139 00	96	2,262 00	235 63
Appointment	-	-	-	-	-	-	34	782 00	34	782 00	230 00
Post Appointment Creditor Reporting	-	-	30	1,230 00	3	96 00	78	1,794 00	111	3,120 00	281 08
Investigations	8	360 00	-	-	-	-	-	-	8	360 00	450 00
Total	8	360 00	41	1,681 00	20	640 00	388	8,924 00	457	11,605 00	
Average Hourly Rate (£)		<u><u>450 00</u></u>		<u><u>410 00</u></u>		<u><u>320 00</u></u>		<u><u>230 00</u></u>		<u><u>253 94</u></u>	

All Units are 6 minutes

ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant

Staff Allocation and Support Staff

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured and/or preferential creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the office holders reserve the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	Previous Rates			New Rates	
	Standard	Complex		Standard	Complex
	£	£		£	£
Director	425	531	Director	450	562
Senior Manager	385	481	Senior Manager	410	512
Manager 1	330	413	Manager 1	365	456
Manager 2	285	356	Manager 2	320	400
Administrator 1	230	287	Administrator 1	260	325
Administrator 2	210	262	Administrator 2	230	287
Administrator 3	190	237	Administrator 3	210	262
Administrator 4	135	168	Administrator 4	150	187

The Use of Subcontractors

Details of any subcontractor(s) used are given in the attached report.

Professional Advisors

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors will be based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the liquidator's remuneration. Such expenditure is referred to as a "category 2 disbursement". In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Room Hire	£100
Storage of office files (6 years)	£88.75 per box
Business mileage	45p per mile