

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
The Merchant International Group Limited (In Administration)

Company number
02898956

In the HIGH COURT OF JUSTICE <small>(full name of court)</small>
--

Court case number
2278 of 2008

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Asher Miller & Henry Lan
David Rubin & Partners
Pearl Assurance House
319 Ballards Lane
London N12 8LY

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 28 March 2008

To
(b) 27 September 2008

Signed


 Joint Administrator

Dated

16 October 2008

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

Asher Miller
David Rubin & Partners
Pearl Assurance House
319 Ballards Lane
London N12 8LY

DX Number

020 8446 8203
DX Exchange

SATURDAY



A03 18/10/2008 111
COMPANIES HOUSE

le

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

IN THE HIGH COURT OF JUSTICE
NO 2278 OF 2008

IN THE MATTER OF

THE MERCHANT INTERNATIONAL GROUP LIMITED – IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

**THE JOINT ADMINISTRATORS' FIRST PROGRESS REPORT
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986
FOR THE PERIOD 28 MARCH 2008 TO 27 SEPTEMBER 2008**

THE MERCHANT INTERNATIONAL GROUP LIMITED
IN ADMINISTRATION

REPORT OF THE JOINT ADMINISTRATORS ON THE PROGRESS OF THE
ADMINISTRATION

On 28 March 2008, Asher Miller and Henry Lan of David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London N12 8LY were appointed Joint Administrators of The Merchant International Group Limited ("the Company") pursuant to an application filed by the Director at the High Court of Justice Chancery Division High Court Number 2278 of 2008

As required by Rule 2.47 of the Insolvency Rules 1986 ("the Rules") we hereby provide our report on the progress of the administration proceedings for the period 28 March 2008 to 27 September 2008. This report should be read in conjunction with the Joint Administrators' earlier report and proposals.

1. STATUTORY AND OTHER INFORMATION

Court details	In the High Court of Justice, Chancery Division, Companies Court, case number 2278 of 2008
Full name	The Merchant International Group Limited
Registered number	02898956
Registered office	Pearl Assurance House 319 Ballards Lane London N12 8LY
Date of the Administration Appointment	28 March 2008
Administrators' names and address	Asher Miller and Henry Lan David Rubin & Partners Pearl Assurance House 319 Ballards Lane London N12 8LY
Details of any extensions to initial period of appointment	None

The Joint Administrators act jointly and severally in the exercise of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

2. REALISATIONS

2.1 Sale of business and assets

The business was sold on the day of our appointment as a going concern to Cerberus Corporate Intelligence Limited for the total consideration of £110,000 exclusive of VAT, payable on completion.

THE MERCHANT INTERNATIONAL GROUP LIMITED – IN ADMINISTRATION
REPORT OF THE JOINT ADMINISTRATORS ON THE PROGRESS OF THE ADMINISTRATION

2. REALISATIONS cont.

2.1 Sale of business and assets

The sale consisted of the following

	£
Book debts	85,000
Goodwill & intellectual property	5,000
Plant & machinery	19,999
Work in progress	1

2.2 Bank interest

Interest earned on the funds in the Joint Administrators' account amounts to £843 07 for the period in review

3. PAYMENTS

3.1 Statutory advertising

This represents the costs of publishing statutory notices in newspapers and the London Gazette

3.2 Agents' fees

Edward Symmons LLP, a firm of independent valuers, were retained to provide a report and valuation of the Company's business and assets, and to facilitate the sale. Legal agents Warwick Boyd & Co were also retained to attend the Courts to file the appropriate appointment documentation

3.2 Legal and other professional fees

Solicitors Keystone Law have acted in this matter in respect of the sale and purchase agreement

4. CREDITORS

4.1 Secured creditor

The Company had an overdraft facility with The Royal Bank of Scotland Plc which was secured by way of a debenture created on 29 June 2006 and registered at Companies House on 1 July 2006. A total of £86,614 was outstanding at the date of administration

The bank's debenture was validated shortly after the date of appointment, and an interim distribution of £50,000 was made under the terms of the debenture

4.2 Preferential creditors

Under the provisions of Schedule 6 to the Insolvency Act 1986, any amounts outstanding to employees in respect to unpaid wages (to a maximum of £800) and outstanding annual leave entitlements are afforded priority over the claims of unsecured creditors and the claims of the secured creditor with regards to proceeds from realisation of any assets subject to a floating

THE MERCHANT INTERNATIONAL GROUP LIMITED – IN ADMINISTRATION
REPORT OF THE JOINT ADMINISTRATORS ON THE PROGRESS OF THE ADMINISTRATION

4.2 Preferential creditors cont.

charge Any amounts outstanding in respect to payment in lieu of notice and redundancy will rank as an unsecured claim in the administration proceedings

The sale of the Company's business and assets as a going concern has avoided the need to dismiss employees, which would have given rise to substantial liabilities, some of which would have ranked as preferential

We have, however, received claims from two employees who were made redundant prior to the date of administration These claims will be adjudicated shortly and a distribution made where appropriate

4.3 Unsecured creditors

A claim of £27,445 has been received in respect of Company's Crown liabilities, compared with £115,854 estimated in the Statement of Affairs In addition to the Company's tax liabilities, claims have also been received from other unsecured creditors, estimated in the statement of affairs at £444,849

Section 176A of the Act provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a prescribed part of the company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims

An administrator will not be required to set aside the prescribed part if the net property, after the costs of the administration, is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, or where he applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit

It unclear at this time whether the Joint Administrators will make an application to the court to have the prescribed part disapplied Any such application will only be made if the prescribed part reduces to such a level that the Joint Administrators considers the costs of its distribution to be disproportionate to the benefits to unsecured creditors

5. JOINT ADMINISTRATORS' REMUNERATION

We have now reviewed our time costs, and would advise that as at 27 September 2008, our total time costs amount to £43,312 for 253.3 hours, which equates to an average cost of £170.99 per hour A breakdown of our time charges is set out in Appendix 1

Included in the work undertaken to date by the Joint Administrators and their staff is the following

- a) Acknowledging creditors claims, answering telephone enquiries and correspondence therewith
- b) Reporting to the Court, Companies House and the creditors following the appointment of the Joint Administrators
- c) Advertising the appointment of Administrators in the prescribed manner

THE MERCHANT INTERNATIONAL GROUP LIMITED – IN ADMINISTRATION
REPORT OF THE JOINT ADMINISTRATORS ON THE PROGRESS OF THE ADMINISTRATION

5. JOINT ADMINISTRATORS' REMUNERATION cont.

- d) Obtaining legal and other advice on the sale agreement and the appointment of Joint Administrators.
- e) Correspondence and telephone conversations with solicitors and agents on the sale of the Company's business and assets, and assisting the purchaser to ensure a seamless transfer of the business in accordance with the sale agreement
- f) Correspondence with the HM Revenue & Customs both as regards to PAYE and VAT
- g) Opening a designated bank account and dealing with the movement of funds
- h) Applying for Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005
- i) Correspondence and telephone conversations with the Company's former employees to provide assistance with lodging their claims with the Redundancy Payments Office ('RPO'), and completion of the appropriate forms to allow the employees' claims to be processed by the RPO
- j) Validating the charge held by The Royal Bank of Scotland and attending to payment of an interim dividend
- k) Correspondence and telephone conversations with various creditors regarding the progress of the Administration
- l) Preparation and circulation of proposals as well as conducting meeting of creditors to consider the proposals to creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 Subsequent filing of the documentation at Court and at Companies House
- m) Preparation and submission of the Administrators report on the conduct of the director pursuant to the requirements of the Company Directors Disqualification Act 1986

To date, I have not drawn any fees

6. OTHER MATTERS

6.1 Uncalled share capital

As detailed in the estimated statement of affairs as at 28 March 2008, there is approximately £41,000 outstanding in respect of unpaid share capital

A demand has been served on the shareholder requiring payment of the outstanding amount To date, payment has not been received, and the matter is currently being pursued We expect to make a recovery in this matter shortly

6.2 Shares in MIG Consulting GmbH

The Company invested some £29,785 to purchase all shares in MIG Consulting GmbH, an entity incorporated in Austria Whilst the value of these shares is not formally determined, it should be noted, that this entity is dormant and as such, the shares are likely to be of little or no value

THE MERCHANT INTERNATIONAL GROUP LIMITED – IN ADMINISTRATION
REPORT OF THE JOINT ADMINISTRATORS ON THE PROGRESS OF THE ADMINISTRATION

6.3 Investigation into application of Company funds

At the initial meeting of creditors held on 5 June 2008, the Joint Administrators' proposals were approved with the following modification:

'That the Joint Administrators investigate what happened to the £221,000 recovered from the embezzled sums'

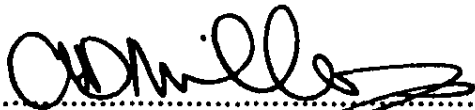
We have conducted a review of the Company's books and records, including bank statements and cheque book stubs, supplier invoices and management accounts, for the period after the receipt into the Company's bank account of the embezzled amount

While the Company's bank statements show large regular payments during this period, upon further review these payments were confirmed as being payment of employees' wages. This correlates to the payroll information supplied by the Company.

All other payments during that period appear to relate to the normal running of the business, and as such, we do not consider there to be any action arising from the expenditure of the recovered funds.

7. CONCLUSION

The only outstanding matters in the administration proceedings are the recovery of the unpaid share capital and the sale of the Company's shares in MIG Consulting GmbH, which we anticipate will be resolved shortly.



.....
ASHER MILLER - JOINT ADMINISTRATOR

Asher Miller & Henry Lan are licensed to act as Insolvency Practitioners by the ICAEW

Dated: 16 October 2008

THE MERCHANT INTERNATIONAL GROUP LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

FROM 28 MARCH 2008 TO 27 SEPTEMBER 2008

	<u>Estimated</u> <u>to realise</u> £	<u>Realised</u> <u>to-date</u> £	<u>Y/E</u> <u>27-Sep-08</u> £
<u>Receipts</u>			
Book debts	71,192 00	85,000 00	85,000 00
Goodwill & intellectual property	Uncertain	5,000 00	5,000.00
Office equipment and furniture	2,000 00	19,999.00	19,999.00
Work in progress	<u>Uncertain</u>	1.00	1 00
Bank Interest Received		843 07	843 07
		<u>110,843 07</u>	<u>110,843 07</u>
<u>Payments</u>			
Statutory advertising		481 68	481 68
Agent's fees		4,432 73	4,432 73
Legal and other professional fees		2,500 00	2,500 00
		<u>7,414.41</u>	<u>7,414 41</u>
Receipts less Payments		103,428 66	103,428 66
Less Distribution to secured creditor		50,000 00	50,000 00
		<u>53,428 66</u>	<u>53,428 66</u>
<u>Represented by:-</u>			
Balance at bank			52,136 39
VAT Recoverable			1,292 27
			<u>53,428 66</u>

APPENDIX 1

THE MERCHANT INTERNATIONAL GROUP LIMITED - IN LIQUIDATION LIQUIDATOR'S TIME COSTS FOR THE PERIOD 28/03/2008 TO 27/09/2008 SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators / Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	11 36	42 24	66 48	04 12	125 00	21 067 00	168 54
Investigations	01 06	09 30	05 00	00 00	15 36	3 232 00	207 18
Realisations of assets	12 00	03 00	25 24	00 00	40 24	6,936 00	171 68
Creditors	09 42	21 30	41 06	00 00	72 18	12,077 00	167 04
Total hours and costs	34 24	76 24	138 18	04 12	253 18	43 312 00	170 99

The above headings include *inter alia*

Administration and Planning

case planning
appointment notification
maintenance of records
statutory reporting and compliance
tax and VAT

Investigations

SIP2 review
reports pursuant to Company Directors Disqualification Act 1986
investigating antecedent transactions

Realisation of Assets

identifying and securing assets
debt collection
property, business and asset sales

Creditors

communications with creditors
creditors claims (including secured creditors, employees and preferential creditors)

Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment, exclusive of VAT, are as follows

	£
Partners/Office Holders	280-380
Managers/Senior Managers	200-240
Administrators/Senior Administrators	90-120
Cashiers	90-120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate

Postage and stationery circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs Use of Meeting Room is charged at £150 per session

Storage and Archiving

We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 40p per mile