

The Insolvency Act 1986

Statement of administrator's
proposals

2.17B

Name of Company MERCHANT HOUSE GROUP PLC	Company number 04034645
In the High Court of Justice, London [full name of court]	Court case number 2776 of 2013

- (a) Insert full name(s) and address(es) of administrator(s) I/We (a) A D Cadwallader & M C Healy of Leonard Curtis, One Great Cumberland Place, Marble Arch, London W1H 7LW

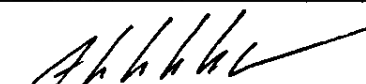
attach a copy of ~~my~~ / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date (b) 17 May 2013

Signed

A D Cadwallader & M C Healy - Joint
Administrator(s)

Dated

17/5/13

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 COMPANIES HOUSE

Leonard Curtis	
One Great Cumberland Place, Marble Arch, London,	
W1H 7LW	Tel 020 7535 7000
DX Number	DX Exchange

SATURDAY



A28NXU6X

A34

18/05/2013

#124

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

Please ask for
Our ref
Your ref

Jonathan Lane
L/30/JAL/SMER07/1040/1010



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

17 May 2013

TO ALL CREDITORS
PRIVATE AND CONFIDENTIAL

Dear Sir(s)/Madam

MERCHANT HOUSE GROUP PLC (IN ADMINISTRATION) ("the Company")

I refer to the appointment of M C Healy and I as Joint Administrators of the Company on 12 April 2013

Enclosed with this letter is the Report and Statement of Proposals of the Joint Administrators. An initial meeting of the Company's creditors is not being convened as we think that, on the basis of information currently available to us, the Company will have insufficient property after costs to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part)

The Joint Administrators are obliged to hold an initial creditors' meeting if 10% in value of the creditors require it. If you wish for a meeting to be held, you must notify us in writing using the prescribed form provided on or before . Please supply written details of your claim as at the date of the Joint Administrators' appointment less any payments that have been made after the date of Administration in respect of it and any adjustment by way of set-off. Security for the costs of holding the meeting must be provided.

Should you have any queries or require any further clarification please contact our office, in writing. Electronic communications should also include a full postal address.

Yours faithfully
for and on behalf of
MERCHANT HOUSE GROUP PLC

A D CADWALLADER
Joint Administrator

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

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

One Great Cumberland Place
London W1H 7LW

Leonard Curtis Limited
Company Number 5639292 (England) Reg Office: Hollins Mount, Hollins Lane, Bury, Lancs, BL9 8DG

Tel 020 7535 7000
Fax 020 7723 6059

www.leonardcurtis.co.uk



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**MERCHANT HOUSE GROUP PLC
(IN ADMINISTRATION)**

Registered Number. 04034645

Joint Administrators' Report and Statement of Proposals

17 May 2013

Leonard Curtis
One Great Cumberland Place, Marble Arch,
London W1H 7LW
Tel. 020 7535 7000 Fax 020 7723 6059
solutions@leonardcurtis.co.uk
Ref L/30/JAL/SMER07/1010

CONTENTS

- 1 Introduction
- 2 Statutory Information
- 3 Historical Background and Events Leading Up To Administration
- 4 Recent Trading Results and Current Financial Position
- 5 Events Following the Joint Administrators' Appointment
- 6 Achieving the Purpose of Administration
- 7 Joint Administrators' Proposals and Exit Route
- 8 Extension of Administration
- 9 Pre-Administration Costs
- 10 Joint Administrators' Remuneration and Disbursements
- 11 Anticipated Outcome and Release of Joint Administrators from Liability
- 12 Conclusion

APPENDICES

- A Joint Administrators' Statement of Proposals
- B Estimated Financial Position as at 12 April 2013
- C Summary of Joint Administrators' Time Costs from 12 April 2013 to 10 May 2013
- D Additional Information in Relation to the Policy of Leonard Curtis Regarding Fees and Disbursements
- E Form 2 21b - Creditor's Request for a Meeting

TO THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

1.1 I refer to the appointment of M C Healy and myself as Joint Administrators ("the Joint Administrators") of Merchant House Group plc ("the Company") on 12 April 2013 and now write to present our proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")

1.2 Creditors may approve the Proposals, with or without modifications, subject to the Joint Administrators accepting any modifications. If creditors reject the Proposals, a report will be sent to the Court which may provide for the appointment of the Joint Administrators to cease to have effect, or make any other Order it thinks appropriate

1.3 We do not propose to convene a meeting of creditors, as we think that, on the basis of information currently available to us, the Company will have insufficient property after costs to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Act (prescribed part). Creditors whose debts amount to at least 10% of the total debts of the Company may request a meeting to consider the Proposals and may establish a Committee to assist the Joint Administrators in discharging their duties. The meeting must be held within 28 days of the request being received by the Joint Administrators. Security must be given for the expenses of summoning and holding the meeting

2 STATUTORY INFORMATION

2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice, Chancery Division, Companies Court under Court reference number 2776 of 2013

2.2 The Company's registered office was changed from 34 Lime Street, London EC3M 7AT to One Great Cumberland Place, Marble Arch, London W1H 7LW following our appointment. The registered number is 04034645

2.3 The Company operated from serviced offices at 34 Lime Street, London EC3M 7AT

2.4 The Company's officers are

Name	Role	Date Appointed
Mr Hugh Fleming	Secretary	31 March 2004
Mr James Holmes	Director	25 November 2005
Mr James Keane	Director	19 June 2012

2.5 As at 30 April 2013 the issued share capital appears to comprise 4,501,075,745 shares of 0.01p each, although I have not verified this. Shareholdings of the officers are as follows

Name	Class of Share	No. of Shares	% of Total Owned
James Holmes	Ordinary	60,368,662	1.34
James Keane	Ordinary	69,172,932	1.54
		<u>129,541,594</u>	

2.6 According to Companies House, the following charges are registered

Chargee	Description	Date Created	Amount Secured and Assets Charged
Beia Capital Limited	Debenture	22/10/2012	All monies due Fixed and floating charge on all assets
Beia Capital Limited	Debenture	03/07/2012	£250,000 Fixed and floating charge on all assets
Lloyds TSB Bank Plc	Deposit Agreement	12/12/2003	All monies due on any account
Hemingway Nominee No 1 (Aldermay) Limited & Hemingway Nominee No 2 (Aldermay) Limited	Deed of Deposit	04/04/2003	All monies due under the interest bearing account

2.7 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

3.1 The Company was incorporated on 17 July 2000. Initially the Company was wholly funded by shareholders until 2005 when £500,000 was raised by the issue of secured convertible loan notes.

3.2 The Company latterly traded from serviced offices at 34 Lime Street, London EC3M 7AT. The principal trading activity was that of a holding company, funding investments in its subsidiary companies, Merchant Capital Limited ("MCL"), Merchant House Securities Limited, Aldermay Secretaries Limited and Merchant House Financial Services Limited ("MHFS").

3.3 Since 2011, the Company has had to fund losses incurred in MHFS, which acquired a network of Independent Financial Advisers in December 2010, which it funded from further issues of shares, loans and convertible loans. In early 2012, the Company secured a further £2million by way of secured loan finance of £1.6million and equity of £400,000.

3.4 During 2012 the group businesses suffered from a number of difficulties. MCL, a fully FSA registered company with a fully FSA approved UCITS ("Undertakings for collective investment in transferable securities") platform and the largest independent structured products team managing structured product assets of over £320 million, suffered a difficult trading period after the custodian to the structured products business went into Administration in February 2012.

3.5 In April 2012, trading in the Company's shares on AIM were suspended exacerbating the difficulties in the structured products business and resulting in the liquidation of 4 UCITS funds and affecting revenue growth in MHFS.

3.6 As a result, the planned growth in the group did not materialise and cash flow remained tight resulting in further requirement for funds. The decision was made to cease trading at the beginning of 2013 and all employees were made redundant. The Company received a statutory demand from Reyker Securities plc on 23 January 2013 in relation to an unpaid debt of £63,955, which was disputed by the Company. The resultant winding-up petition was due to be heard on 15 April 2013.

3.7 MCL was placed into Creditors' Voluntary Liquidation on 13 February 2013 and MHFS was placed into Administration on 21 March 2013. Michael Healy, Andrew Duncan and I were appointed Joint Administrators of MHFS.

3.8 In order to protect its financial position, Notice of Appointment of Administrators was given by Beia Capital Limited ("Beia"), as Qualifying Floating Charge Holder on 12 April 2013 and filed in the High Court of Justice, Chancery Division, Companies Court on the same day.

- 3 9 M C Healy is licensed in the UK by the Insolvency Practitioners Association and I am licensed in the UK by the Institute of Chartered Accountants in England and Wales. The functions of the Joint Administrators may be exercised by either or both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4 1 The Company's most recent financial results are detailed below. No filed or management accounts have been prepared since 2011.

	Year ending 31 December 2011 (Filed accounts) £000's	Year ending 31 December 2010 (Filed accounts) £000's
Turnover	7,696	2,151
Net Profit/(Loss)(before tax)	(5,613)	1,609
Dividend(s)	-	-
Fixed Assets	1,893	658
Current Assets	487	2,027
Retained Earnings	(5,645)	(2,600)

4 2 Statement of Affairs

The directors are required to lodge a statement of affairs as at 12 April 2013. Although the document has not yet been received, we understand that it is in the course of preparation and will be submitted shortly. In the meantime, an estimate of the position as at the date of our appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures.

4 3 Assets

The Company's primary assets are its investment holdings in its subsidiary companies and connected company debts. However, as advised in paragraph 3.7, the subsidiaries are subject to insolvency proceedings and it is currently uncertain as to the level of dividends that will be paid.

4 4 Secured Creditors

Beia hold two debentures dated 3 July 2012 and 22 October 2012, incorporating fixed and floating charges over the Company's assets.

4 5 Preferential Claims

The only claims which are preferential are those of employees in respect of unpaid wages and accrued holiday pay. These are currently estimated at £4,800.

4 6 Prescribed Part

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.

Appendix B shows that the Company's net property, before costs, is uncertain, and as such we are unable to estimate what will be available for the satisfaction of unsecured debts. The final quantum of the prescribed part will however 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 at present propose to make such an application.

4.7 Unsecured Claims

All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should liquidation be the appropriate exit route from Administration.

4.8 Receipts and Payments

No receipts or payments have been made during the period of Administration to date.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

5.1 Since our appointment we have been collecting information from the directors and creditors in order to ascertain the true financial position of the Company.

5.2 Investigations

Our investigations into the affairs of the Company and the events leading up to our appointment are still at an early stage and we will report our conclusions to the appropriate bodies in due course. In the meantime, if creditors have any information regarding the conduct of the directors which they feel should be brought to our attention, any concerns regarding the way in which the Company's business has been conducted or information on potential recoveries for the Administration, they should provide full details to us in writing.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the objective of

- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
- (b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved)
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

6.2 We are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole.

- 6.3 In our opinion, it was not possible to achieve the first objective without the introduction of significant external funds to provide working capital for the Company and its subsidiaries. The level of funding required meant that this was not a viable option.
- 6.4 We are also of the opinion that the second objective will not be achieved. Unless assets of which we are unaware come to light, there will be no monies available for unsecured creditors, apart from funds under the Prescribed Part, and consequently a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up will not be achieved.
- 6.5 We think that it will not be reasonably practicable to achieve either of the first two objectives. As a result, the third objective will be achieved because property, namely intercompany debtors, will be realised to make a distribution to Bera as a secured creditor. The achievement of this objective will not unnecessarily harm the interest of the creditors as a whole.
- 6.6 The Administration will be financed by monies received from asset realisations.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Administrators' Proposals for achieving the purpose of Administration are set out in Appendix A. These will be deemed to have been approved unless creditors whose debts amount to at least 10% of the total debts of the Company request a meeting to consider them by 30 May 2013. Creditors wishing to request a meeting should complete and return form 2.21B attached as Appendix E together with details of your claim, **less any payments that have been made after the date of Administration in respect of your claim and any adjustment by way of set-off**, by this date. As mentioned in paragraph 1.3 above, security must be given for the expenses of summoning and holding the meeting. If no meeting is requisitioned or requests to the required value are not received a report will be sent to all creditors informing them of that fact.
- 7.2 On completion of the Administration, the Proposals provide for us to place the Company into Creditors' Voluntary Liquidation ("CVL") and appoint myself and M. C. Healy as Joint Liquidators. Creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the Proposals and before they are approved.
- 7.3 Alternatively, if no funds are available to unsecured creditors or are distributed during the course of the Administration, the Proposals provide for us to move the Company from Administration to Dissolution.
- 7.4 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of the Joint Administrators ceases to have effect at the end of the period of one year beginning with the date on which it takes effect.
- 8.2 It may be desirable to extend the period of the Administration term of office for a specified period not exceeding six months. If this is appropriate we will require the consent of
- (a) each secured creditor of the Company and, if we think that a distribution may be made to preferential creditors,
 - (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent for such extension.

9 PRE-ADMINISTRATION COSTS

9.1 Pre-administration costs are defined as

- Fees charged and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the Company entered Administration but with a view to its doing so. "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the Company entered Administration.

9.2 Leonard Curtis pre-administration costs are calculated by reference to the time spent dealing with matters pre appointment ("time costs basis"). Leonard Curtis were instructed on 9 April 2013 to review the Company's finances, advise on the appropriate course of action to protect the Company's assets in the light of the threatened winding up petition and deal with court related issues.

9.3 Charles Russell LLP ("Charles Russell"), solicitors, were instructed on 9 April 2013 to prepare the appointment documentation and advise on all matters prior to the appointment. It was agreed that their fees would be charged on a time costs basis.

9.4 It was considered appropriate to instruct Charles Russell so that full consideration could be given to taking the appointment and the extent to which it would further the achievement of one of the statutory objectives of Administration.

9.5 Pre-appointment fees charged and expenses incurred by the Joint Administrators in the period prior to their appointment are summarised below:

Charged by	Services provided	Total charged £	Amount paid £	Identity of person making payment	Amount unpaid £
Leonard Curtis	Meeting with chargeholder and director(s), assessing that Administration was the appropriate route, instructing solicitors regarding the appointment	2,031.50	Nil	n/a	2,031.50
Charles Russell LLP	Appointment documents and legal advice generally	2,850.00	Nil	n/a	2,850.00

9.6 In the period prior to our appointment we also incurred disbursements in relation to various matters. These are summarised below:

Type	£
Court filing fees	35.00
Total	35.00

9.7 The determination of whether and to what extent unpaid pre-administration costs (as set out above) are approved for payment as an expense of the Administration is subject to approval which is separate to the approval of the Administrators' Proposals. This approval will be sought from:

- (a) each secured creditor of the Company and, if we have made or intend to make a distribution to preferential creditors,
- (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditors who do not respond to an invitation to give or withhold approval.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 10 1 Paragraph 3 of Appendix A states that "The Administrators think that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part,) if any"
- 10 2 In view of this and unless creditors establish a creditors' committee, or if the committee does not make the requisite determination, the basis of our remuneration will be fixed by
- (a) each secured creditor of the Company and, if we have made or intend to make a distribution to preferential creditors,
 - (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditors who do not respond to an invitation to give or withhold approval
- 10 3 The basis may be fixed as a percentage of the value of the property with which we have to deal, as a set amount or by reference to the time spent. In this case we will be requesting the above creditors to agree to fix our remuneration by reference to the time spent
- 10 4 Enclosed at Appendix C is a summary of our time costs to 10 May 2013. The summary shows that time costs of £5,006 have been incurred which represents 18.2 hours at an average hourly rate of £275.05. Details of our company's charge out rates and policy regarding recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix D. Further details of our company's charge out rates and policy regarding staff allocation, support staff and the use of subcontractors may be found in "Guide to Administrators' Fees". This is available from our office free of charge or may be downloaded from www.leonardcurtis.co.uk/resources/creditorsguides
- 10 5 We also require approval of the basis upon which we recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of their recharge is also attached at Appendix D. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, 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 storage
- 10 6 In normal circumstances we would seek a resolution from creditors that the basis of recharge of these disbursements be agreed by creditors in accordance with the scale of charges set out in Appendix D although given my comments in paragraph 10.1 a request for a resolution in these terms will be put to those parties mentioned in paragraph 10.2 above
- 10 7 On this assignment we have used the following professional advisors, including subcontractors
- | Name of Professional Advisor | Service Provided | Basis of Fees |
|------------------------------|------------------|---------------|
| Charles Russell LLP | Legal Advice | Timecosts |
- 10 8 Details of our company's policy regarding the choice of professionals, including subcontractors, and the basis for their fees are included in Appendix D
- 10 9 If the Company moves from Administration to CVL, the Joint Liquidators' remuneration and Category 2 disbursements will be payable on the same basis as fixed in the Administration

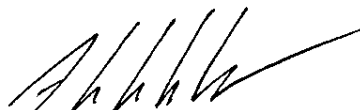
11 ANTICIPATED OUTCOME AND RELEASE OF JOINT ADMINISTRATORS FROM LIABILITY

- 11 1 We anticipate that, subject to the receipt of dividends on intercompany debts, there will be surplus funds available to unsecured creditors by virtue of the prescribed part, which will be distributed once the Company is placed into CVL
- 11 2 As soon as all outstanding matters in the Administration have been attended to it is proposed to move the Company into CVL to enable these surplus funds to be distributed
- 11 3 Once the Company has been moved into CVL, the Administration and the appointment of the Joint Administrators will automatically cease
- 11 4 In the event that there are no monies to be distributed to creditors the proposals provide that the Company be dissolved as soon as all matters relating to the Administration have been completed
- 11 5 It will however also be necessary for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action during the Administration. In normal circumstances we would seek a resolution from creditors that we be discharged from such liability immediately upon our appointment ceasing to have effect and a request for a resolution in these terms will be put to those parties mentioned in paragraph 10 2 above

12 CONCLUSION

- 12 1 It is important that you give careful attention to this report and its Appendices
- 12 2 If you wish to avail yourself of the opportunity to request that a meeting of creditors be convened please ensure that you complete form 2 21B attached at Appendix E and lodge it at our office, together with details of your claim as at the date on which the Company entered Administration, **less any payments that have been made after the date of Administration in respect of your claim and any adjustment by way of set-off**, no later than 30 May 2013. Security must be given for the expenses of summoning and holding the meeting
- 12 3 Should you have any queries or require any further clarification please contact our office, **in writing**. Electronic communications should also include a full postal address

for and on behalf of
MERCHANT HOUSE GROUP PLC



A D CADWALLADER
Joint Administrator

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

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 In the event that there are no monies remaining to be distributed to creditors the Company be dissolved as soon as all matters relating to the Administration have been completed
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation with a view to distributing the available funds. It is further proposed that A D Cadwallader and M C Healy be appointed Joint Liquidators of the Company. Any act required or authorised under any enactment to be done by the liquidator is to be done by all or any one or more of the persons for the time being holding the office in question. The Joint Administrators think that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part), if any
- 4 In the event that options 2 and 3 are not appropriate, the Joint Administrators take whatever action(s) they deem appropriate to end of the Administration

APPENDIX B

Estimated Financial Position as at 12 April 2013

Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge		
Investment in group undertakings	650,000	-
Investments	2,847	-
	652,847	-
Less Fixed charge holder		
Beia Capital Limited	1,600,000	1,600,000
Estimated total surplus/(deficit) as regards fixed charge holders	(947,153)	(1,600,000)
Assets subject to floating charge		
Trade and Other Receivables	1,698,626	uncertain
Property, plant and equipment	13,429	-
Cash and cash equivalents	16,368	-
Estimated total assets available for preferential creditors	1,728,423	0

Estimated Financial Position as at 12 April 2013 (cont/d)

A1 – Summary of Liabilities

	£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		0
Liabilities		
Preferential creditors - Employee Wages and Holiday Pay (estimate)		4,800
Estimated surplus/(deficiency) as regards preferential creditors		(4,800)
Estimated prescribed part of net property where applicable (to carry forward)		0
Estimated total assets available for floating charge holders		(4,800)
Debts secured by floating charges		
Beta Capital Limited		(1,600,000)
Estimated surplus/(shortfall) of assets after floating charges		(4,800)
Estimated prescribed part of net property where applicable (b/down)		0
Total assets available to unsecured creditors		(4,800)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade Creditors	953,905	
HM Revenue & Customs - PAYE/NI	304,081	
HM Revenue & Customs - VAT	4,463	
Employees (estimate)	30,000	
		1,292,449
Estimated (deficiency) as regards non preferential creditors (Excluding any shortfall to floating charge holders)		(1,297,249)
Shortfall to floating charge holders (brought down)		(1,600,000)
Estimated total deficiency as regards creditors		(2,897,249)
Issued and called up capital	450,108	
		450,108
Estimated total deficiency as regards members	£	(3,347,356)

Merchant House Group plc

Name of Creditor or Claimant	Address --			Amount	Details of Security held by Creditor	Date security given	Value of Security
Allenby Capital	Clandage House	32 Davies Street	London	16 500 00	W1K 4ND	None	
Arthur J Gallagher	9 Ale Street	London		15,024 79	E1 8DE	None	
BORS				1,188 00		None	
Beaumont Office Services Ltd	6 Snow Hill	London		1,996 40	EC1A 2AY	None	
British Telecom	Dept W	Durham TE	Durham	692 57	DH1 1RR	None	
CAIRN	27 Knghtsbridge	London	Providence Row	16,800 00	SW1X 7LY	None	
Capita Trustees Ltd (Jersey)	12 Castle Street	St Helier	Jersey	9,843 50	JE2 3RT	None	
CDC creative design consultants	Lombard House	2 Purley Way	Croydon	2,787 90	CR0 3JP	None	
Christopher Day	19 Ontario Way	Liphook	Hampshire	86 460 72	GU30 7LD	None	
Chubb Fire Ltd	Chubb House	Slanes Road West	Sunbury on Thames	88 62	TW16 7AR	None	
City of London	Rates Department	PO Box 270	Guildhall	21,026 43	EC2P 2EJ	None	
Companies House	Crown Way	Cardiff		2,963 00	CF14 3UZ	None	
Courier Systems/CSI				67 28		None	
David Lawrence				255 00		None	
Dell products				1 00		None	
Dilip Shah	125 Princes Avenue	Kingsbury	London	13 19	NW9 9JJ	None	
Eberhardt Consulting Services				5,138 51		None	
Eden Springs UK Ltd	201 Bedford Avenue	Slough	Berkshire	1,886 31	SL1 4RY	None	
eDF ENERGY	Osprey House	Osprey Road	Exeter	2,324 95	EX2 7WN	None	
Eforce Ltd	52 High Street	Pinner	Middlesex	830 00	HA5 5PW	None	
Ernnett Green Associates	Token House	11/12 Tokenhouse Yard	London	25 750 00	EC2R 7AS	None	
Equity Development	65 London Wall	London		11,688 60	EC2M 5TU	None	
Excell Business Systems Ltd	4-6 Langford Arch	Sawston	Cambridge	2,895 95	CB22 3FX	None	
FD Resource & Support	39 Broad Ha penny	Boundstone road	Farnham	33,381 42	GU10 4TF	None	
Financial Reporting Council	5th floor, Aldwych House	71 91 Aldwych	London	2,409 00	WC2B 4HN	None	
Fleming & co				6,170 86		None	
Formations Direct Ltd	1st Floor	47 Bury New Road	Prestwich	212 00	M25 9JY	None	
FTSE	Level 12, 10 Upper Bank Street	London		420 00	E14 5NP	None	
Fulcrum Compliance Ltd	Hillside House	2 6 Friem Park	North Finchley	1,200 00	N12 9FB	None	
Gyan Structure Finance	52 High Street	Pinner	Middlesex	690 00	HA5 5PW	None	
Hume Brophy	One Fetter Lane	London		7,895 58	EC4A 1BR	None	
Internet Engineering Ltd t/a Hosling UK	Unit 24 Floidd Richard Davies	St Asaph Business Park	St Asaph	19 08	LL17 0LJ	None	
IT on Call Ltd	2 Schooner Close	London		6 542 70	E14 3GG	None	
J Gracey				68 27		None	
James Keane	Mill House	Greatbridge Road	Romsey	3,557 14	SO51 0HP	None	
Jordasic Investment Holdings Ltd	19 Ontario Way	Liphook	Hampshire	61,869 85	GU30 7LD	None	
L Webber print				936 00		None	
Liberias Capital Corporate Finance Ltd	17C Curzon Street	London		7,341 75	W1J 5HU	None	
MAVEN				960 00		None	
McGure Woods London LLP	11 Pilgrim Street	London		223 525 89	EC4V 5RN	None	
MCR Support Services Ltd (in liquidation)	Allan House	10 John Princes Street	London	271 378 11	W1G 0AH	None	
Media Confidential	Keystone	Victoria Avenue	St Sampson	420 00	GY2 4AX	None	
Pool Instant Print				94 00		None	
Proquote Limited	10 Paternoster Square	London		25,676 42	EC4M 7LS	None	
Quills Office Supplies Ltd	Unit 2, 1 Hawker Road	Spilfire Business Park	Croydon	503 77	CR0 4WD	None	
Rees Pollock	35 New Bridge Street	London		9,000 00	EC4V 6BW	None	
Savin & Edwards	Suite 1 3	Vernon House		21,950 44		None	
SCSI Shop	Wold House	32 Cherry Hill	Old	273 00	NN6 9EN	None	
Share Registrars Ltd	Suite E, First Floor	9 Lon and Lamb Yard	Farnham	9,679 78	GU9 7LL	None	
Space & Solutions	118 Gore Road	New Milton	Hampshire	4,691 72	BH25 6SJ	None	
Speechly Bircham	6 New Street Square	London		3 000 00	EC4A 3LX	None	
Stephen Drew	58 Chipstead Street	London		888 00	SW6 3SS	None	

Merchant House Group plc

Name of Creditor or Claimant	Address --			Amount	Details of Security held by Creditor	Date security given	Value of Security
Allenby Capital	Clardge House	32 Davies Street	London	15,500 00	W1K 4ND		
Stralors	Cardrew Way	Cardrew Industrial Estate	Redruth	2,530 49	TR15 1SH		
Systems Technology				3,202 18			
Technology Services Group	One Gosforth Parkway	Gosforth Business Park	Newcastle Upon Tyne	0 01	NE12 8ET		
Tinderhouse Ltd	Innovation Centre	University Road	Canterbury	714 00	CT2 7FG		
Trident Computers UK	44-46 Old Steine	Brighton	East Sussex	593 58	BN1 1NH		
Virtual Contact				937 53			
Walkers				15 150 00			
Total				953 905 29			
Other Unsecured Creditors							
HM Revenue & Customs PAYE/NI	Debt Management & Enforcement	Barrington Road	Worthing	304,080 61	BN12 4SE		
HM Revenue & Customs VAT	Debt Management & Enforcement	Barrington Road	Worthing	4,463 00	BN12 4SE		
Employees (estimate)	Various			30,000 00			
				338 543 61			
				1,292,448 90			
Secured Creditors							
Bela Capital Limited	37 Southgate Street	Winchester		250,000 00	SO23 9EH	03/07/2012	
Bela Capital Limited	37 Southgate Street	Winchester		1,350 000 00	SO23 9EH	22/10/2012	
				1,600 000 00			

Summary of Joint Administrators' Time Costs from 12 April 2013 to 10 May 2013

	Director		Manager 2		Administrator 1		Administrator 4		Total		Average
	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Hourly Rate
		£		£		£		£		£	£
Statutory & Review	6	255 00	5	142 50	-	-	3	40 50	14	438 00	312 86
Liabilities	-	-	60	1,710 00	-	-	5	67 50	65	1,777 50	273 46
General Administration	-	-	6	171 00	-	-	-	-	6	171 00	285 00
Appointment	3	127 50	21	598 50	4	92 00	-	-	28	818 00	292 14
Investigations	-	-	14	399 00	-	-	-	-	14	399 00	285 00
Post Appointment Creditor Reporting	-	-	25	712 50	30	690 00	-	-	55	1,402 50	255 00
<hr/>											
Total	9	382 50	131	3,733 50	34	782 00	8	108 00	182	5,006 00	
<hr/>											
Average Hourly Rate (£)		<u>425 00</u>		<u>285 00</u>		<u>230 00</u>		<u>135 00</u>		<u>275 05</u>	

All Units are 6 minutes

APPENDIX D

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 to creditors

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.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	Standard £	Complex £
Director	425	531
Senior Manager	385	481
Manager 1	330	413
Manager 2	285	356
Administrator 1	230	287
Administrator 2	210	262
Administrator 3	190	237
Administrator 4	135	168

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is 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 is 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

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. 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
Storage of office files (6 years)	£88.75 per box
Room hire	£100
Business mileage	45p per mile

Creditor's request for a meeting

Name of Company MERCHANT HOUSE GROUP PLC	Company number 04034645
In the High Court of Justice, London [full name of court]	Court case number 2776 of 2013

(a) Insert full name and
address of the creditor making
the request

I (a) _____

(b) Insert full name and
address of registered office of
the company

request a meeting of the creditors of (b) MERCHANT HOUSE GROUP PLC,
One Great Cumberland Place, Marble Arch, London W1H 7LW

(c) Insert amount of claim

my claim in the administration is (c) _____

(d) Insert full name(s) and
address(es) of creditors
concerning with the request (if
any) and their claims in the
administration if the
requesting creditor's claim is
below the required 10%

(d) _____

concur with the above request, and I attach copies of their written confirmation of concurrence

(e) insert details of the
purpose of the meeting

The purpose of the meeting is (e) _____

Signed _____

Dated _____