

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

--	--	--

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

and N A Bennett

5<sup>th</sup> Floor, Grove House, 248a Marylebone

Road, London NW1 6BB

the liquidator 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 2016 to 26 March 2017

Signed



Date

72/5/17

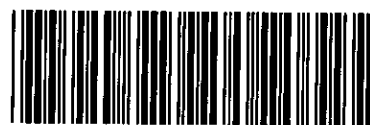
Presenter's name, address and reference (if any)

Leonard Curtis

5<sup>TH</sup> Floor, Grove House, 248a Marylebone Road, London NW1 6BB  
(Ref MP/30)

For Official Use

TUESDAY



A23

\*A671FUEX\*

23/05/2017

#40

COMPANIES HOUSE

Please ask for : Marc Palmer  
Our ref : MP/30/SMER09/555  
Your ref :



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

22 May 2017

**TO ALL MEMBERS, CREDITORS AND DIRECTORS**

**PRIVATE AND CONFIDENTIAL**

Dear Sir(s)/Madam

**MERCHANT HOUSE GROUP PLC  
(IN CREDITORS' VOLUNTARY LIQUIDATION)  
COMPANY REGISTERED NUMBER 04034645**

I refer to my appointment as Joint Liquidator of the above Company on 27 March 2014 and enclose my annual progress report.

Members or creditors requiring further information should contact my office, in writing. Electronic communications should include a full postal address.

Yours faithfully  
for and on behalf of  
**MERCHANT HOUSE GROUP PLC**

**A D CADWALLADER**  
Joint Liquidator

A D Cadwallader is authorised to act as an insolvency practitioner in the UK by Institute of Chartered Accountants in England and Wales under office holder number 9501 and N A Bennett is authorised to act as an insolvency practitioner in the UK Insolvency Practitioners Association under office holder number 9083



**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 2016 to 26 March 2017**

**22 May 2017**

Leonard Curtis

5<sup>th</sup> Floor, Grove House, 248a Marylebone Road,  
London NW1 6BB

Tel : 020 7535 7000 Fax: 020 7723 6059  
[solutions@leonardcurtis.co.uk](mailto:solutions@leonardcurtis.co.uk)

Ref: L/30/MP/SMER09/1010

## CONTENTS

- 1 Introduction
- 2 Progress of the Liquidation
- 3 Assets that remain to be realised
- 4 Receipts and Payments Account and Outcome for Creditors
- 5 Investigations
- 6 Joint Liquidators' Remuneration and Disbursements
- 7 Creditors' Rights

## APPENDICES

- A Summary of Joint Liquidators' Receipts and Payments from 27 March 2014 to 26 March 2017
- B Summary of Joint Liquidators' Time Costs from 27 March 2014 to 26 March 2017
- C Additional Information in Relation to the Policy of Leonard Curtis Regarding Fees and Disbursements

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 ("the Act"). 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 office is now at 5th Floor, Grove House, 248a Marylebone Road, London NW1 6BB. The registered number is 04034645.
- 2.2 This report should be read in conjunction with our previous reports.
- 2.3 There is an intercompany balance owed by Merchant House Financial Services Limited ("MHFS"), which is itself also in liquidation. I anticipate receiving an interim distribution of approximately £40,000 from MHFS by the end of May. However, the final quantum of the distribution from MHFS remains uncertain.

**3 ASSETS THAT REMAIN TO BE REALISED**

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

**4 RECEIPTS AND PAYMENTS ACCOUNT AND OUTCOME FOR CREDITORS**

**Receipts and Payments Account**

- 4.1 I 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 (excluding category 2 disbursements (see paragraph 6.3 below)), are as follows. Where exact sums are not available the figures have been estimated:

Nature of Expenses	Incurred This Period £	Incurred To Date £	Paid £	Unpaid £
Storage	105.00	523.75	-	523.75
Sundry Expenses & Disbursements	248.97	509.76	286.87	222.89
Statutory Advertising	-	168.52	-	168.52
IT Licence Fee	-	87.00	-	87.00
Unpaid Pre-Administration Costs	-	2,031.50	-	2,031.50
Joint Administrators' Unpaid Expenses	-	2,573.09	-	2,573.09
Joint Administrators' Unpaid Remuneration	-	43,926.50	-	43,926.50
<b>Total</b>	<b>353.97</b>	<b>49,820.12</b>	<b>286.87</b>	<b>49,533.25</b>

## Creditors

### 4.3 Secured Creditor

As previously reported, Beia Capital Limited ("Beia"), hold 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 will 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. As advised in my previous report dated 18 May 2016 our time costs at 26 March 2016 were £22,570. Thereafter further costs of £8,103 have been incurred during the period of this report. These total costs are summarised at Appendix B and comprise 111.7 hours at an average rate of £274.60 per hour. No payment has yet been made on account of these costs.
- 6.2 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. Further information may be found in "Guide to Liquidator's Fees". This may be downloaded from [www.leonardcurtis.co.uk/resources/creditorsguides](http://www.leonardcurtis.co.uk/resources/creditorsguides) or is available from our office free of charge on request.
- 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 This Period £	Incurred To Date £	Paid £	Unpaid £
Internal photocopying @ 10p per copy	13.60	64.90	-	64.90
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	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13.60</b>	<b>64.90</b>	<b>-</b>	<b>64.90</b>

- 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 I consider that:-
- 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 us 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

A D Cadwallader is authorised to act as an insolvency practitioner in the UK by Institute of Chartered Accountants in England and Wales under office holder number 9501 and N A Bennett is authorised to act as an insolvency practitioner in the UK Insolvency Practitioners Association under office holder number 9083



**Summary of Joint Liquidators' Receipts and Payments**  
**from 27 March 2014 to 26 March 2017**

	<b>Statement of Affairs</b>	<b>Previously Reported</b>	<b>This Period 27/03/16 to 26/03/17</b>	
<b>Receipts</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investment in group undertakings	Nil	-	-	-
Investments	Nil	-	-	-
Trade and Other Receivables	Uncertain	-	-	-
	-	-	-	-
Contribution towards Unpaid Pre-Administration Costs		6,000.00	-	6,000.00
Contribution towards Unpaid Collection Costs		528.68	-	528.68
Deposit Interest Gross		4.82	1.07	5.89
		6,533.50	1.07	6,534.57
<b>Payments</b>				
Unpaid Pre-Administration Costs		2,850.00	-	2,850.00
Unpaid Post-Administration Costs		1,235.00	-	1,235.00
Sundry Expenses and Disbursements		-	286.87	286.87
Collection Costs		1,164.30	-	1,164.30
Corporation Tax		0.42	-	0.42
VAT		-	57.37	57.37
		5,249.72	344.24	5,593.96
<b>Balance in Hand</b>		1,283.78	(343.17)	940.61

Merchant House Group Plc  
(In Creditors' Voluntary Liquidation)

Summary of Joint Liquidators' Time Costs from 27 March 2014 to 26 March 2017

	Director		Senior Manager		Manager 2		Administrator 2		Administrator 3		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Administrative & Review	-	-	13	533.00	135	4,320.00	83	1,909.00	-	-	-	-	231	6,762.00	292.73
Receipts & Payments	-	-	1	41.00	57	1,824.00	64	1,472.00	-	-	8	120.00	130	3,457.00	265.92
Insurance	-	-	-	-	2	64.00	-	-	-	-	-	-	2	64.00	320.00
Assets	-	-	-	-	40	1,280.00	35	805.00	-	-	-	-	75	2,085.00	278.00
Liabilities	-	-	-	-	77	2,464.00	82	1,886.00	-	-	-	-	159	4,350.00	273.58
Debt Holder	-	-	-	-	-	-	3	69.00	-	-	-	-	3	69.00	230.00
General Administration	-	-	3	123.00	23	736.00	202	4,646.00	-	-	2	30.00	230	5,535.00	240.65
Appointment	-	-	-	-	-	-	34	782.00	-	-	-	-	34	782.00	230.00
Post Appointment Creditor Reporting	-	-	41	1,681.00	94	3,008.00	105	2,415.00	5	105.00	-	-	245	7,209.00	294.24
Investigations	8	360.00	-	-	-	-	-	-	-	-	-	-	8	360.00	450.00
Total	8	360.00	58	2,378.00	428	13,696.00	608	13,984.00	5	105.00	10	150.00	1,117	30,673.00	
Average Hourly Rate (£)		<u>450.00</u>		<u>410.00</u>		<u>320.00</u>		<u>230.00</u>		<u>210.00</u>		<u>150.00</u>		<u>274.60</u>	

Summary of Joint Liquidators' Time Costs from 27 March 2016 to 26 March 2017

	Senior Manager		Manager 2		Administrator 3		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Administrative & Review	4	164.00	78	2,496.00	-	-	-	-	82	2,660.00	324.39
Receipts & Payments	-	-	12	384.00	-	-	8	120.00	20	504.00	252.00
Assets	-	-	23	736.00	-	-	-	-	23	736.00	320.00
Liabilities	-	-	60	1,920.00	-	-	-	-	60	1,920.00	320.00
General Administration	-	-	10	320.00	-	-	2	30.00	12	350.00	291.67
Post Appointment Creditor Reporting	4	164.00	52	1,664.00	5	105.00	-	-	61	1,933.00	316.89
Total	8	328.00	235	7,520.00	5	105.00	10	150.00	258	8,103.00	
Average Hourly Rate (£)		<u>410.00</u>		<u>320.00</u>		<u>210.00</u>		<u>150.00</u>		<u>314.07</u>	

11 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