

Our Ref DAI/IDM/DRO/LKM/M02511/7

To the creditors and members

Recovery and Reorganisation

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

T +44 (0)20 7383 5100
F +44 (0)20 7184 4308
grantthornton.co.uk

31 August 2016

Dear Sirs

**M H Carbon Limited - In Liquidation (the Company)
High Court of Justice No 8749 of 2013**

1 Introduction

1.1 Following my appointment as Liquidator of the Company on 14 August 2014, in accordance with rule 4.49B of the Insolvency Rules 1986 I now report on the progress of the liquidation for the year ended 13 August 2016 (the Year) and attach

- Appendix A, an account of my receipts and payments for the Year and also for the whole liquidation to that date,
- Appendix B, a statement of the remuneration charged by the Liquidator in the Year and a statement of expenses incurred in the Year,
- Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9 (SIP9);
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Liquidator (rule 4.49E),
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Liquidator's remuneration or expenses if excessive (rule 4.131)

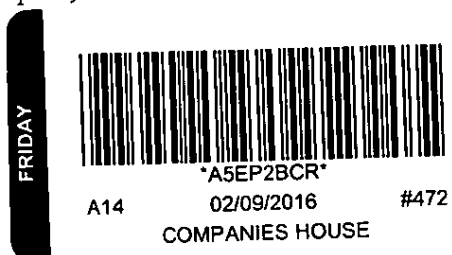
1.2 I am authorised by the Insolvency Practitioners' Association to act as an insolvency practitioner

2 Statutory information

2.1 The Company's statutory details are as follows

Registered number 07388433

Registered office 30 Finsbury Square, London EC2P 2YU



3 Progress report

- 3 1 As advised in my previous report to creditors, the Company was wound up by the Court in the public interest as part of a petition with 14 other connected companies
- 3 2 I am the Liquidator of four of the connected companies Nedim Ailyan of Griffins (previously Abbott Fielding Limited) and James Dowers of DDJ Limited have been appointed as liquidators of the remaining companies

Carbon Credits

- 3 3 As you are aware, the Company sold Voluntary Emissions Reduction carbon credits (VERs) to members of the public as investments The VERs sold by the Company were held on trust for investors in the VER registries by MH Carbon Nominees Limited (MCN) As such, the Company does not hold any VERs in its name
- 3 4 I am the Joint Liquidator of MCN with Nedim Ailyan of Griffins I am liaising with solicitors in order to make an application to court to enable the VERs to be sold As a condition of the sale the solicitors have proposed that a percentage of the realisations will be set aside for the benefit of the investors
- 3 5 The quantum of the monies which may be available for a potential distribution to unsecured creditors will depend on the outcome of the hearing, the realisable value of the VERs and the legal and professional costs incurred to realise the VERs

Bank Analysis

- 3 6 I have completed a forensic review of the Company's bank account I have identified various payments to third parties which I am investigating further

Directors

- 3 7 Gavin Manerowski attended my office for an interview in January 2016 I am conducting further investigations as appropriate
- 3 8 I am liaising with Jeffry Razaq with regard to arranging a meeting to discuss the financial affairs of the Company However, meetings have been postponed by Mr Razaq

4 Creditors

- 4 1 There are no preferential creditors in this matter
- 4 2 I have received unsecured claims totalling £4,282,576
- 4 3 Currently, there are insufficient funds available for a distribution to be made to creditors at this time

5 Liquidator's remuneration and expenses

- 5 1 On 9 October 2014 the creditors resolved that I draw my remuneration by reference to my time costs with an uplift of 35% plus VAT You will note from the SIP 9 table attached at Appendix C that my total time costs to 13 August 2016 are £60,657 and from the receipts and payments account attached at Appendix A, that I have not drawn any fees Time costs of £15,057 incurred in the Year but not yet drawn as remuneration are disclosed in Appendix B
- 5 2 Time is charged in units of 6 minutes Background information regarding the fees of Liquidator can be found at

https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Oct_2015.pdf) Alternatively I will supply this information by post on request


- 5.3 The hourly charge out rates used in calculating time costs for the current and prior period are as follows

	£
Partners / Directors	370 - 615
Managers	290 - 470
Other senior professionals	195 - 305
Administrators	160 - 230
Assistants and support staff	160 - 175

- 5.4 In addition, I have incurred expenses of £809.37 in the Year as indicated in Appendix B. To date these expenses have not been paid.

Should you have any queries, please contact my colleague Daniel Ott on 0117 305 7661 or email daniel.r.ott@uk.gt.com

Yours faithfully
for and on behalf of M H Carbon Limited



David Ingram
Liquidator

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M H Carbon Limited - in liquidation
 Summary of receipts and payments
 from 14 August 2014 to 13 August 2016

Statement of Affairs Per OR £	From 14/08/2014 to 13/08/2015 £	From 14/08/2015 to 13/08/2016 £	Total £
Receipts			
	0 00	0 00	0.00
Payments			
○ R Disbursements	14 47	0 00	14 47
○ R Remuneration	1,235 00	0 00	1,235 00
ISA Account Fees	88 00	88 00	176 00
	<u>1,337 47</u>	<u>88 00</u>	<u>1,425.47</u>
Net Receipts/(Payments)	<u>(1,337 47)</u>	<u>(88.00)</u>	<u>(1,425.47)</u>
Made up as follows			
ISA	(1,337 47)	(88 00)	(1,425 47)
	<u>(1,337 47)</u>	<u>(88 00)</u>	<u>(1,425 47)</u>

Note

B Remuneration charged and expenses incurred by the Liquidator in the Year

	Charged/incurred in period 14/08/2015 to 13/08/2016	Cumulative charged/incurred to 13/08/2016	Of which paid to 13/08/2016
	£	£	£
Liquidator's fees:			
Time costs (excluding uplift)	15,056 81	60,657 02	-
Liquidator's expenses:			
Bond [JLT]	-	10 00	-
Land Registry	-	99 00	-
Storage costs	51 37	124 11	-
Courier	-	24 86	-
Statutory Advertising	-	101 52	-
Postage	758 00	1,746 00	-
Solicitors	-	2,496 00	-
Total	809 37	4,601 49	-

C SIP 9 information

M H Carbon Limited - In Liquidation
SIP9 Analysis 14 August 2015 to 13 August 2016

Appendix C

SIP 9 WIP ANALYSIS	Partner Hrs	Manager Hrs	Senior Professional Hrs	Admin / Support Hrs	Total		Average Hourly
					Hrs	£	
Administration and Planning	0 80	5 85	7 15	30.26	44 06	9,681 93	£ 219 74
Investigations	0 00	0 65	0 95	4.28	5 88	1,231.38	£ 209 42
Realisation of Assets	0.00	0 00	0 00	0 05	0.05	8.25	£ 165.00
Creditors	0 00	2.20	2 10	16 10	20 40	3,981 50	£ 195 17
Taxation	0 00	0 20	0 00	0 45	0 65	153 75	£ 236 54
Total	0 80	8 70	10 20	50 69	71 04	15,056 81	£ 211.95

Time brought forward

184 53 45,600 21

Total

255 57 60,657 02

Administration & Planning

Includes, case planning; statutory obligations (e.g. statutory returns), maintenance of cash and estate records, general correspondence

Investigations

Includes, investigation into Company's affairs and assets that may have been held prior to liquidation, preparing for and conducting director interview

Realisation of Assets

Includes, dealing with Solicitors

Creditors

Includes, correspondence with unsecured creditors

Taxation

Includes, dealing with tax correspondence, coordinating with tax team.

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator

Rule 4 49E edited for application to a progress report in a winding-up by the court

- (1) If
 - (a) within the period mentioned in paragraph (2)
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of a matter which was previously included in a progress report
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (3) The liquidator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the liquidator considers 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) the liquidator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (4) Any creditor, who need not be the same as the creditor who requested further information, may apply to the court within 21 days of -
 - (a) the giving by the liquidator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just.
- (6) This Rule does not apply where the liquidator is the Official Receiver

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive

Rule 4 131

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application by a creditor may be made on the grounds that -
- (a) the remuneration charged by the liquidator,
 - (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
 - (c) expenses incurred by the liquidator,
- is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice, but which is without notice to any other party
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation
 - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
- and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation