
London European Securities Limited – In Administration
(the “Company” or “LES”)
Frequently Asked Questions

Disclaimer

The affairs, business and property of London European Securities Limited are managed by the Administrator, Engin Faik, who acts as agent of the Company and contract without personal liability. Engin Faik is licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England & Wales.

Due to being early into the Administration process, the Administrator is still gathering information, assessing claims and determining recoverability of assets. Accordingly, the Administrator cannot provide creditors with definitive answers at this stage.

The Administrator has nevertheless provided answers to frequently asked questions.

As the Administration progresses, the answers to these questions may change materially and the reader is asked to note that this document is simply for initial information purposes and should not be relied upon or considered conclusive.

Administration Process

Q What is an Administration?

Administration is a formal insolvency procedure in which a licensed insolvency practitioner is appointed as Administrator to take control of a company and manage its affairs, business and property.

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During administration, a statutory moratorium generally prevents creditors from commencing or continuing legal proceedings against the Company, or enforcing security over its property, without the Administrator’s consent or the Court’s permission.

Q How long is the Administration likely to last?

Administration normally ends automatically after 12 months, unless extended with the required

A creditor consent or by an order of the Court. It may also end earlier. The Administration will continue until all matters have been resolved.

Q I have a claim against the Company. How do I submit my claim?

The Administrator will write to all known creditors of the Company and invite them to make a claim via a proof of debt form which is attached to this notice. If you believe you have a claim against the Company, please contact the Administrator using the details below.

Q How do I contact the Administrator?

The Administrator and his dedicated staff working on the Administration of LES can be contacted through the following methods:

By telephone on: 0203 793 3338

A By email at: info@cornerstonerecovery.co.uk

By post to: London European Securities Limited - in Administration c/o Cornerstone Business Recovery, 136 Hertford Road, Enfield, Middlesex EN3 5AX

Please quote reference L036 when making inquiries about the Administration of LES.

Q How will I be updated on the progress of the Administration?

The following documents providing updates and further information will be made available to known creditors throughout the course of the Administration:

Administrator's Statement of Proposals:

This will be issued within 8 weeks of the commencement of the Administration (i.e. by 4 December 2026).

Qualifying Decision Procedure:

This will be conducted within 10 weeks of the start of the Administration (i.e. by 18 December 2026). Creditors will be invited to consider and, if thought fit, approve the Administrator's Proposals during the decision procedure.

6 Month Progress report:

A This will be issued within 7 months from the start of the Administration (i.e. on or before 8 May 2027).

12 Month Progress Report:

This will be issued within 1 month of the anniversary of the Administration. This will be issued if the duration of the Administration is extended beyond 1 year (i.e. on or before 8 November 2027).

Final Report:

The final report is issued when the Administration is for all practical purposes complete. This will usually be when the Administrator determines that the objectives of the Administration cannot be achieved or that they have been achieved.

These documents will all be available on a dedicated webpage, the details of which will be sent to all known creditors by post. If you believe you are a creditor and have not received a letter containing a link and login details to the webpage, please lodge your claim in the Administration to gain access to these documents.

Investors and Other Creditors

Q Am I recorded as a secured creditor and is my investment, including accrued interest, correctly recorded?

The Administrator and his staff are currently reviewing the Company's books, papers and other records to obtain a comprehensive record of the Company's secured, preferential and non-preferential liabilities.

A Creditors are nevertheless asked to send full particulars of their claims along with supporting documentation.

All claims will be acknowledged as soon as possible once received.

Is my registered charge recognised as valid and where does it rank against other secured creditors?

A In order for a creditor's loan to qualify as a secured liability, the charge must be registered at Companies House. The Administrator is reviewing the Companies House filings and will compile a record which sets out the order of priority of all secured liabilities.

As a rule of thumb, the priority of charges is determined by the date upon which the charge is created, provided they are registered at Companies House within 21 days of creation.

Q Is my charge enforceable?

As the Company is in Administration, it has the benefit of a "moratorium" under the provisions of the Insolvency Act 1986. The effect of the moratorium is that no legal action can be continued or commenced against the Company without the consent of the Administrator or the permission of the Court.

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In summary, therefore, secured creditors are unable to enforce the terms of their security without the Administrator's permission or, upon application, leave of the Court.

Q My initial investment was renewed or "rolled over," what impact does this have on my rights to repayment or my security?

The answers to this will be dependent upon the terms of the loan documentation and security. It will be necessary for the Administrator and/or his team to review each individual agreement to determine the position for each individual creditor.

A Generally, if an initial capital investment was not repaid to the investor upon maturity, but was rolled over, renewed or reinvested, the Company remains liable to repay the debt.

The position in respect of interest is not so straightforward and will be determined by the terms of the loan and security documentation. The Administrator will communicate with each creditor individually to provide further information in relation to interest over the course of the Administration.

Q Are there sufficient assets to pay secured creditors in full or will there be a shortfall?

The Administrator is still in the process of gathering and verifying information. Creditors are advised that the Administrator is working with the Director to provide a Statement of Affairs which will be made available to creditors as soon as possible.

A The Statement of Affairs will provide a breakdown of the Company's assets and liabilities and will provide an insight into what assets are available.

Creditors are advised that any return to creditors will depend on actual asset realisations, the validity and ranking of security, the costs of the Administration and the claims received. It is therefore too early to confirm whether secured creditors will be paid in full.

Q What is the order of priority for payments to the various classes of creditors?

In summary, the order of priority is as follows:

(a) Fixed Charge Liabilities: This relates to creditors who hold a fixed charge under their security. Recovery is dependent on whether the Company owns "fixed charge" assets (as opposed to fixed assets). The priority of fixed charge liabilities is determined by the date the fixed charge was created, provided the fixed charge was properly registered at Companies House.

(b) Preferential Liabilities: This essentially relates to employees' claims for unpaid salaries (limited to £800 per employee) and accrued unpaid holiday pay.

(c) Secondary preferential Liabilities: In summary, these are the Company's debts to HM Revenue & Customs for unpaid VAT, PAYE & employees' National Insurance Contributions.

A (d) Floating Charge Liabilities: This applies if secured creditors' security documentation contains a floating charge. The security would typically attach to the Company's assets which are not subject to a fixed charge or are otherwise unencumbered. Floating charge assets are subject to the costs of the administration, the claims of preferential creditors (including secondary preferential creditors) and the "prescribed part" provisions set out in section 176A of the Insolvency Act 1986.

(e) Non-preferential Liabilities: Generally, these are liabilities which do not fall within paragraphs (a)-(d) above. Non-preferential liabilities cannot be paid by an administrator unless he has sought and obtained the Court's permission to do so. Any such liabilities are typically paid during a liquidation which immediately follows administration.

Full particulars of the various classes of assets and liabilities will be contained in the Administrator's Statement of Proposals.

Q When will I be paid?

It is too early to advise creditors when/whether they will receive any payments. This will be entirely dependent upon the realisations of the Company's assets.

A It is not expected that any distributions will be made until the latter stages of the Administration and certainly not within the next 6 months. Creditors are asked to note that this is a tentative indication which is likely to change materially as the Administration progresses.
