

# Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192  
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

01099406

Name of Company

D G M (Investments) Limited

I / ~~we~~  
Neil Chesterton  
4th Floor,  
100 Fenchurch Street  
London EC3M 5JD

the liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 10/03/2012 to 09/03/2013

Signed



Date

07-05-13

The MacDonald Partnership Plc  
4th Floor,  
100 Fenchurch Street  
London EC3M 5JD

Ref DGMINVE/NDC/LJ/GN/LM

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COMPANIES HOUSE



1099406

COMPANY HOUSE

**D.G.M. (Investments) Limited (In Compulsory Liquidation)****Company Number: 01099406****Liquidator's Second Annual Progress Report****Pursuant to Section 104(A) of the Insolvency Act 1986 (as amended) and Rule 4.49C of the Insolvency Rules 1986 (as amended)****INTRODUCTION**

Neil Chesterton of The MacDonald Partnership Plc was appointed as Liquidator of D G M (Investments) Limited ("the Company") at meetings of members and creditors held on 10 March 2011

The company's former registered office and trading address was Fisherman's Lodge, Deep Dene House, Jesmond Dene, Newcastle Upon Tyne, NE7 7BQ

The current registered office is c/o The MacDonald Partnership Plc, 4<sup>th</sup> Floor, 100 Fenchurch Street, London, EC3M 5JD

Neil Chesterton is licensed in the UK by the Institute of Chartered Accountants in England and Wales

There has been no change in office-holder since the date of liquidation

This report provides an update on the conduct of the liquidation for the period from 10 March 2012 to 9 March 2013 as required by Rule 4.49C of The Insolvency Rules 1986 (as amended) and section 104(A) of The Insolvency Act 1986 (as amended). It contains details of the progress made, the expected outcome for creditors and other information that the Liquidator is required to disclose

**PROGRESS OF LIQUIDATION****Asset Realisations**

As previously advised at the time of the liquidation, the statement of affairs issued by the director indicated that the company held the following assets

**Furniture, Equipment & Stock**

The tangible assets which included furniture & equipment and stock were valued by Charterfields Limited and it was estimated that approximately £15,000 - £18,000 would be realised if sold insitu and £5,000 - £6,000 would be realised if the company ceased to trade and was sold on a breakup basis

Harmony Fine Dining Limited, a connected company due to common directors and shareholders expressed an interest in purchasing the assets prior to the Liquidator's appointment. Charterfields advised that the best value would be obtained from a sale of the assets to the connected company as an open marketing process could damage the value

Prior to appointment, the company ceased trading and as a result, the value of the assets started to erode. On the day of the liquidator's appointment a competing offer was received. A deadline for competing bids was set. On the expiry of the deadline the competing bid fell away. The landlord delayed their decision in respect of granting a new lease to any proposed incoming tenant (which was critical to the anticipated value). This also meant that further delays were incurred. These combined factors meant that the value originally anticipated on an in situ basis could not be achieved

Consequently, on 25 March 2011, the Liquidator sold the business and certain assets to Harmony Fine Dining Limited for £8,000 inclusive of VAT. This was greater than the valuation received



A total of £7,100 has been received. Despite our best efforts, it has not been possible to retrieve the balance of £900. It has been decided not to pursue the balance any further as the costs of doing so would outweigh the benefit.

#### **Trust Funds**

A refund of £575.18 was received from Aegon Scottish Equitable.

#### **Bank Interest**

Interest of £13.43 has accrued on the liquidation account, of which £6.20 has been received in the reporting period.

#### **Cash at Bank**

The statement of affairs indicated that there was potentially £3,000 cash at bank. However, upon review of the bank statements this proved not to be the case.

#### **Assets Still to be Realised**

There are no further assets to be realised in the liquidation.

### **RECEIPTS AND PAYMENTS ACCOUNT**

A summary of my receipts and payments account from 10 March 2012 to 9 March 2013 is attached to this report.

Please note that the figures included within the receipts and payments account are stated net of VAT.

Estate funds were banked in the designated client's account.

### **LIABILITIES**

#### **Secured Creditors**

There were no secured creditors at the time of the liquidation.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. As there are no floating charge holders, there is no requirement to pay a distribution under the prescribed part.

#### **Preferential Creditors**

According to the directors statement of affairs the preferential creditors, which consisted of employees' arrears of wages and holiday pay were estimated to be in the region of £2,761.00. A claim of £6,303.48 has been received from the Redundancy Payments Office. As there is unlikely to be a distribution to preferential creditors in this matter I have not sought to adjudicate the employees' residual claims.

#### **Unsecured Creditors**

According to the estimated statement of affairs dated 10 March 2012 there were 96 unsecured creditors with estimated claims of £392,534. It is unlikely that there will be a distribution to unsecured creditors in this matter.



	Date of the statement of affairs	Claims Received
	£	£
Trade & Expense	110,519 57	83,662 82
Directors Loan	180,000 00	-
HMRC – VAT, PAYE & NIC	70,629 43	55,734 88
Employees	31,385 00	21,774 22
	<u>392,534 00</u>	<u>161,171 92</u>

I have collected and acknowledged (where requested) the claims of the ordinary unsecured creditors, although, in view of the fact that there will be no distribution to this class of creditor, I have not formally agreed any unsecured claims

## **DIVIDENDS**

Due to insufficient realisations, it has not been possible to declare a dividend to any class of creditor in this liquidation. The funds realised have been used to defray the fees and expenses of the liquidation.

No monies were paid to ordinary unsecured creditors by virtue of the application of Section 176(A) of the Insolvency Act 1986 (as amended) ("the prescribed part")

Pursuant to rule 11.7 of the Insolvency Rules 1986, I therefore give notice that there will be no dividend to ordinary unsecured creditors in the liquidation.

## **INVESTIGATION**

I undertook an initial investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

There were no matters that justified further investigation in the circumstances of this appointment.

## **LIQUIDATOR'S ACTIONS SINCE APPOINTMENT**

Since the date of my appointment, my time has been taken up with routine matters of dealing with the company in liquidation not limited to, but including correspondence with the bank and dealing with creditor queries. I have conducted an investigation into the affairs of the company to seek to identify any additional assets.

There are no tax matters outstanding to be dealt with and the appropriate returns have been submitted to HM Revenue & Customs in this matter.

## **PRE-APPOINTMENT REMUNERATION**

The cost of preparing for the meeting was £5,000. An amount of £1,667.67 plus VAT was received prior to the meeting. The sum of £3,333.33, the remainder of the fees, was paid from the realisation of assets under liquidation.

## **LIQUIDATOR'S REMUNERATION**

At the meeting of creditors held on 10 March 2011, the creditors resolved that my remuneration be payable by reference to time properly given by me and my staff in attending to matters arising in the liquidation.



My time costs for the period of 10 March 2012 to 9 March 2013 amounted to £1,810, which represents 8.2 hours at an average hourly rate of £221. Fees of £612.20 have been drawn in the reporting period. A schedule of my time costs is attached to this report.

A description of the routine work undertaken in the liquidation to date is as follows:

1 Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS
- Review and storage
- Case bordereau
- Case planning and administration
- Preparing reports to members and creditors
- Convening and holding meetings of members and creditors

2 Cashiering

- Maintaining and managing the liquidator's cashbook and bank account
- Ensuring statutory lodgements and tax lodgement obligations are met

3 Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Maintaining creditor information on IPS
- Reviewing and adjudicating on proofs of debt received from creditors

4 Realisation of Assets

- Liaising with our agents and the director in respect of the sale of the assets
- Pursuing Harmony Fine Dining for payment of the assets

5 Investigations

- Review and storage of books and records
- Conduct investigations into suspicious transactions
- Review books and records to identify any transactions or actions a Liquidator may take against the director to recover funds for the benefit of creditors

A copy of 'A Creditors Guide to Liquidators' Fees' published by the Association of Business Recovery Professionals and 'A Statement of Insolvency Practice 9 (Revised)' is available at the link [www.tmp.co.uk/downloads/creditors-guide/guide-to-insolvency-practitioners-fees-post-apr-10/liquidators-fees/](http://www.tmp.co.uk/downloads/creditors-guide/guide-to-insolvency-practitioners-fees-post-apr-10/liquidators-fees/). A hard copy can be obtained on request from the address above.

## LIQUIDATOR'S DISBURSEMENTS

Category 1 disbursements (payments to independent third parties that do not require creditors' consent are as follows)



Description	Total Amount incurred from 10 March 2012 – 9 March 2013	Amount Reimbursed	Amount still to be reimbursed
Agents Fees – Charterfields	-	-	-
Bordereau Fee	-	-	-
Statutory Advertising	-	-	-
Room Hire – Creditors Meeting	-	-	-
Creditor Gateway	5 00	5 00	-
Postage & Company Searches	0 44	5 92	-
Travel	-	-	-
	<u>5 44</u>	<u>10 92</u>	<u>-</u>

During the liquidation the following professional advisors, including subcontractors were used

Name	Services Provided	Fee Basis
Charterfields Limited	Valuation/Asset Realisations	Time Basis/Percentage of Sale

The agents were employed as they are skilled in this area and I believed they would carry out the function requested of them efficiently and cost effectively To date Charterfields Limited has received £500

Creditors also approved the basis for recharging disbursements that include payments to outside parties in which the Liquidator or The MacDonald Partnership Plc have an interest, also known as Category 2 disbursements The Category 2 disbursements incurred for the period of 10 March 2012 to 9 March 2013 amount to £17 90, of which £2 10 remains unpaid I have attached a schedule of Category 2 disbursements for your information

I have attached additional information in relation to the firm's policy on staffing, use of subcontractors, disbursements and details of our current charge-out rates by staff grade

#### SUMMARY

The winding up of the company is now for all practical purposes complete and I will be shortly summoning the final meetings for the company's members and creditors to receive my final report and seek my release as Liquidator

**Neil Chesterton**  
Liquidator

7 May 2013

**D.G.M. (Investments) Limited  
(In Liquidation)**

**Summary of Receipts & Payments**

RECEIPTS	Statement of Affairs (£)	From 10/03/2011 To 09/03/2012 (£)	From 10/03/2012 To 09/03/2013 (£)	Total (£)
Photocopier	NIL	0 00	0 00	0 00
Lease over Deep Dene House	NIL	0 00	0 00	0 00
Kitchen equipment	2,000 00	1,833 34	0 00	1,833 34
Computer equipment and office furniture	1,000 00	833 33	0 00	833 33
Furniture and fixtures	2,000 00	2,000 00	0 00	2,000 00
Stock	1,000 00	1,250 00	0 00	1,250 00
Book Debts	Uncertain	0 00	0 00	0 00
Trust Funds		575 18	0 00	575 18
Goodwill	Uncertain	0 00	0 00	0 00
Insurance Refund	Uncertain	0 00	0 00	0 00
Cash at Bank	3,000 00	0 00	0 00	0 00
Bank Interest Gross		7 23	6 20	13 43
		<b>6,499.08</b>	<b>6 20</b>	<b>6,505 28</b>

**PAYMENTS**

Ricoh Capital Ltd	(2,000 00)	0 00	0 00	0 00
Bordereau		296 44	0 00	296 44
s98 Fees		3,333 33	0 00	3,333 33
Office Holders Fees		0 00	612 50	612 50
Room Hire -Cred Meeting		142 00	0 00	142 00
Agents/Valuers Fees		500 00	5 00	505 00
Stationery & Postage		441 61	79 62	521 23
Travel		148 30	0 00	148 30
Statutory Advertising		226 80	0 00	226 80
Est employee wage arrears	(2,761 00)	0 00	0 00	0 00
Trade & Expense Creditors	(181,149 00)	0 00	0 00	0 00
Employees	(31,385 00)	0 00	0 00	0 00
Directors	(180,000 00)	0 00	0 00	0 00
Ordinary Shareholders	(100 00)	0 00	0 00	0 00
		<b>5,088 48</b>	<b>697.12</b>	<b>5,785 60</b>

**Net Receipts/(Payments)**

	<b>1,410 60</b>	<b>(690.92)</b>	<b>719 68</b>
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**MADE UP AS FOLLOWS**

VAT Receivable	958.41	(818 99)	139 42
Bank Current + Interest	1,235 52	(655 26)	580 26
	<b>2,193 93</b>	<b>(1,474 25)</b>	<b>719 68</b>

  
Neil Chesterton  
Liquidator

**DGM Investments Limited (In Liquidation)**

**Liquidator:** Neil Chesterton

**Analysis of Fees** For the period 10/03/12 to 09/03/13

Classification of work function	Hours					Time Cost £	Average hourly rate £
	Partner	Director	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Advice, administration and planning	0 8		0 4	2 5	3 6	£735	£204
Investigations					0 0		£0
Realisation of assets					0 0		£0
Trading					0 0		£0
Creditors			3 5	1 2	4 6	£1,075	£234
Case specific matters					0 0		£0
Total hours	0 8	0 0	3 8	3 7	8 2		
Hourly charge out rate	£475	£0	£277	£110			
Total fees for period (£)	£356	£0	£1,053	£402	£1,810	£1,810	£221
Total fees drawn in period (£)						£613	
Fees from previous period drawn (£)						(£613)	
Fees from current period drawn (£)						£0	



**DGM Investments Limited (In Liquidation)**

Analysis of Disbursements For the period 10/03/12 to 09/03/13

Category 1 Disbursements		
Amounts comprising external supplies of incidental services specifically identifiable to a case	Billed £	Unbilled £
Bordereau Statutory Advertising Postage & Company Searches	0 44	
Total	0 44	0 00

Category 2 Disbursements		
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	Billed £	Unbilled £
Printing and stationery	15 80	2 10
Total	15 80	2 10

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## THE MACDONALD PARTNERSHIP PLC

### CHARGE OUT RATES

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#### Effective date

The charge out rates are effective from 1st October 2010

#### Charge out rates

Title	Grade	Rate
		£ph
Partners	1 1	575
	1 2	475
	1 3	375
Managers	2 1	350
	2 2	275
	2 3	225
Administrators	3 1	110
	3 2	95
	3 3	80
Support Staff	4 1	55
	4 2	50
	4 3	45

#### NOTE

Time is recorded in six minute increments

## THE MACDONALD PARTNERSHIP PLC FEES, DISBURSEMENTS AND EXPENSES POLICY

### INTRODUCTION

The MacDonald Partnership Plc is a specialist firm of licensed Insolvency Practitioners

As a result, we have very specific and specialist billing structures. This schedule sets out our terms and conditions of billing to clarify the position.

### GENERAL PHILOSOPHY

It is important to stress that the general philosophy of the firm's billing structure is as follows:

- 1 To provide
  - (i) The highest possible quality in terms of
    - (a) technical excellence
    - (b) delivery of service
  - (ii) The highest possible level of integrity and professionalism
  - (iii) A personal service
- 2 To provide value for money and to reflect the need for a reasonable profit and return in providing our services

Given this, it is important to set a basic and reasonable pricing and billing structure to maximise the combined interests of our clients, third parties (such as banks and creditors) and the firm.

### VARIATION FROM OUR BILLING STRUCTURE

The billing structure has been created to reflect the economic substance of providing the quality of service that we give.

To charge lower or different fees would be unprofitable for the firm. We will therefore only allow variations from our billing structure in extreme circumstances. Any such variation must be approved by either one of the managing or finance directors.

### DEFINITIONS

#### FEES

Fees are the time charges that reflect the time spent on a case by a partner, director or staff member of the firm. Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we advise that time spent by cashiers and other support staff in relation to specific

tasks on an assignment is charged. All activity on cases is charged and recorded in six minute increments.

In corporate recovery and insolvency cases fees can be charged on a time cost basis, a set fee basis, on a percentage of the assets realised and distributed or a mixture of the above. The fees charged are based on the Scale Rates charges (which are detailed below).

A schedule of Charge Out Rates applies to each grade of staff and is available for inspection at any time.

### PROFESSIONAL ADVISORS

We use professional advisors on some of our assignments. The basis of our fee arrangements with advisors, which is subject to review on a regular basis, is generally on an hourly rate basis plus disbursements. Fixed fee arrangements will be disclosed where applicable. Our choice of professional advisors is based on our perception of their experience and ability to perform the type of work required, the complexity and nature of the assignment and the basis of our fee arrangement with them.

### DISBURSEMENTS & EXPENSES

For the purposes of compliance with Statement of Insolvency Practice 9 (SIP 9) and R3's best practice guidelines, disbursements and expenses are split into two categories:

#### Category 1 Disbursements

Generally comprise those external supplies of incidental services specifically identifiable to a specific job or case (including agents, insurances, as well as other outsourced services such as room hire, statutory advertising, court fees, couriers, postage, printing, travel and document storage).

#### Category 2 Disbursements

Generally comprise costs, which whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs. Such disbursements are listed below:

1	Binders	£1 15	Per item
2	Car	£0 50	Per mile
3	Copies (black)	£0 15	Per page
4	Dividers	£1 00	Per item
5	Envelopes	£0 10 - £0 15	Per item
6	Files	£6 00	Per item
7	Labels	£0 25	Per sheet
8	Letters	£2 20	Per letter
9	Printouts	£0 20	Per page

## **AGREEMENT OF FEES, DISBURSEMENTS AND EXPENSES**

### **CORPORATE RECOVERY AND INSOLVENCY**

For corporate recovery and insolvency work, the following fee structure applies. For this specialist type of work, fees can either be charged on a time basis or on a scaled percentage charge of assets realised and distributed. Unless otherwise stated, all corporate recovery and insolvency work is done on a time basis.

#### **1. Pre-appointment work**

Pre-appointment work includes (for example)

- (1) Nominees fees in individual and company voluntary arrangements
- (2) Assistance and preparation in holding a section 98 meeting
- (3) Assistance in placing a company into administration
- (4) Investigation work prior to a formal insolvency procedure, or general advisory work

Pre-appointment work will be charged on the following basis

- (1) Fees will be agreed with the firm's client in advance
- (2) A standard engagement letter will be produced and it will refer to the fees, disbursements and expenses policy, as a source of reference
- (3) In cases where (due to urgency or unusual circumstances) no engagement letter has been drawn up, all fees will be charged according to this schedule

#### **2. Post appointment work**

Post appointment work includes all work done as required by the Insolvency Act 1986 (as amended) and by the Insolvency Rules 1986 (as amended)

All post appointment fees and disbursements must be approved by

- (1) a general meeting of creditors, or
- (2) a meeting of a creditor or liquidation committee, or
- (3) both of the above, or
- (4) where there is a disagreement on the level of fees, by the procedure available in the Insolvency Rules 1986 (as amended)
- (5) in the case of an administrative receivership, by the debenture holder

#### **3. Scale charges**

Where fees are taken on a realisation basis (other than a time charge basis) the scale charges are charged on the basis of the Scale Charges laid out in schedule 6 of the Insolvency Rules 1986, which is detailed as follows

#### **The realisations scale**

(i)	On the first £5,000 or fraction thereof	20%
(ii)	On the next £5,000 or fraction thereof	15%
(iii)	On the next £90,000 or fraction thereof	10%
(iv)	On all further sums realised	5%

#### **The distribution scale**

(i)	Of the first £5,000 or fraction thereof	10%
(ii)	On the next £5,000 or fraction thereof	7½%
(iii)	On the next £90,000 or fraction thereof	5%
(iv)	On all further sums realised	2½%

#### **4. Realisation and distribution for secured creditors**

The realisation and distribution fees for any secured creditor (other than an appointing debenture holder) are based on the Official Receivers scale charges as detailed above

### **MAINTENANCE OF RECORDS**

The MacDonald Partnership Plc maintains complete records on both time recording, disbursements and expenses to ensure accuracy of charges

### **DATA PROTECTION**

Confidentiality of information is an important concern for The MacDonald Partnership Plc. We are registered and comply with the data protection laws of the United Kingdom. Information about clients and creditors are held on databases. If you wish to know what information we hold about you please write to The Data Protection Officer, The MacDonald Partnership Plc, 4<sup>th</sup> Floor, 100 Fenchurch Street, London, EC3M 5JD to request details

### **MONEY LAUNDERING**

The MacDonald Partnership Plc is required, by law, to assist the authorities in eradicating the laundering of proceeds of illegal activity. We may therefore ask certain questions in respect of the source of funds or other monies provided, as well as the identification of clients. We may also be required, in certain circumstances, to report to the relevant authorities on any suspicious activity. We are not required to inform any party of any report made about them.

**D.G.M. (Investments) Limited**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**

Statement of Affairs		From 10/03/2012 To 09/03/2013	From 10/03/2011 To 09/03/2013
	<b>HIRE PURCHASE</b>		
NIL	Photocopier	NIL	NIL
(2,000 00)	Ricoh Capital Ltd	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
NIL	Lease over Deep Dene House	NIL	NIL
2,000 00	Kitchen equipment	NIL	1,833 34
1,000 00	Computer equipment and office furnitu	NIL	833 33
2,000 00	Furniture and fixtures	NIL	2,000 00
1,000 00	Stock	NIL	1,250 00
Uncertain	Book Debts	NIL	NIL
	Trust Funds	NIL	575 18
Uncertain	Goodwill	NIL	NIL
Uncertain	Insurance Refund	NIL	NIL
3,000 00	Cash at Bank	NIL	NIL
	Bank Interest Gross	6 20	13 43
		6 20	6,505 28
	<b>COST OF REALISATIONS</b>		
	Bordereau	NIL	296 44
	s98 Fees	NIL	3,333 33
	Office Holders Fees	612 50	612 50
	Room Hire -Cred Meeting	NIL	142 00
	Agents/Valuers Fees	5 00	505 00
	Stationery & Postage	79 62	521 23
	Travel	NIL	148 30
	Statutory Advertising	NIL	226 80
		(697 12)	(5,785 60)
	<b>PREFERENTIAL CREDITORS</b>		
(2,761 00)	Est employee wage arrears	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(181,149 00)	Trade & Expense Creditors	NIL	NIL
(31,385 00)	Employees	NIL	NIL
(180,000 00)	Directors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(388,395.00)</b>		<b>(690 92)</b>	<b>719.68</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable		139 42
	Bank Current + Interest		580 26
			<b>719.68</b>