

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company <b>Dawnay, Day International Limited</b>	Company number <b>01878923</b>
In the <b>High Court of Justice, Chancery Division</b> <small>[full name of court]</small>	Court case number <b>5923 of 2008</b>

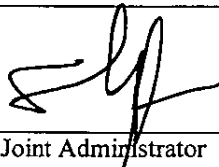
(a) Insert full name(s) and address(es) of administrator(s)

We, (a) Shay Bannon, Mark Shaw and Toby Scott Underwood of BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Joint Administrators of the above company attach a progress report for the period

	From	to
(b) Insert date	(b) 18 July 2008	(b) 17 January 2009

Signed



Joint Administrator

Dated

10 February 2009**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 public record

BDO Stoy Hayward LLP, 55 Baker Street, London,	
W1U 7EU, .	
Our Ref 7/SMB/S3371/A6	Tel 020 7486 5888
DX Number	DX Exchange

you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



COMPANIES HOUSE

TUESDAY

<b>RECEIPTS</b>		<b>£</b>
Brought forward from previous Abstract (if any)		0.00
Sundry Income		26,461.91
IT Recharges		14,821.75
Payroll Recharges		92,229.66
Rental Income		136,691.25
IT Recharges		58,064.55
Furniture & Equipment		408.51
Art Realisations		1,682,183.94
Insurance Debtor		53,514.89
Shares & Investments		4,898,671.73
Inter Co debts		316,002.24
Tax Refund		1,194,891.43
Insurance Refund		131,404.22
Cash at Bank		145,345.59
Rent		18,042.13
Bank Interest Gross		7,914.13
Sundry Refunds		1,179.27
Debtor		55,047.39
Vat Output		40,878.27
Carried forward to		8,873,752.86
* continuation sheet / <del>next abstract</del>		
<b>PAYMENTS</b>		<b>£</b>
Brought forward from previous Abstract (if any)		0.00
Direct Labour		1,175,773.98
Consumables		49.50
DDI Russia - Wages		2,328.21
Repairs & Renewals		425.00
Insurance & Transport of Art		42,187.90
Ransom Payments		4,351.43
DD Ukraine Wages		1,292.57
Photocopiers		8,621.01
Waste costs		465.03
Electricity		32,554.19
Gas		3,995.87
Telephone		56,178.65
Rates		116,197.00
Water Rates		1,109.10
Insurance		2,859.47
Professional Fees		153,481.57
Hire of Equipment		7,877.10
IT Costs		8,121.70
Stationery and Postage		77.71
Dawnay Day India Wages		48,837.25
Carried forward to		1,666,784.24
* continuation sheet / <del>next abstract</del>		

\* Delete as appropriate

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed.

RECEIPTS		£
Brought forward from previous Abstract (if any)		8,873,752.86
Carried forward to		8,873,752.86
* continuation sheet / <del>next abstract</del>		
PAYMENTS		£
Brought forward from previous Abstract (if any)		1,666,784.24
Sundry Expenses	91,027.13	
Bank Charges & Interest	1,047.98	
Legal Fees (1)	14,212.00	
Agents/Valuers Fees (1)	500.00	
Service Charge Costs	203,110.35	
Other Property Costs	12,063.35	
Direct Property Maintenance & Repair	7,074.64	
Head rents payable	36,369.50	
Secured Creditor - NU	121,427.07	
Property Maintenance	41,822.27	
Art Transportation and Storage	375.00	
Corporation Tax	200.00	
Wages - Tempory Staff	29,095.00	
Employer's contribution	4,727.29	
Storage Costs	3,551.76	
Re-direction of Mail	3,834.60	
Other Property Expenses	12,372.37	
Wages & Salaries	1,226,993.23	
PAYE & NI	127,754.45	
Bank Charges	1,060.00	
Carried forward to		3,605,402.23
* continuation sheet / <del>next abstract</del>		

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed.



10 February 2009

Your Ref «CREF»  
Our Ref 7/SMB/S3371/A6

Please ask for Bryn Tucker  
Direct Line: 020 7893 2258  
Email: bryn.tucker@bdo.co.uk

## **TO ALL CREDITORS**

Dear Sirs

### **Dawnay, Day International Limited - In Administration**

It is now six months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

#### **1 Statutory Information**

The Joint Administrators are Shay Bannon, Mark Shaw and Toby Scott Underwood of BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU and they were appointed in respect of the above company on 18 July 2008. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally and none of the Joint Administrators has exclusive power to exercise any function.

The Joint Administrators were appointed by the directors of the company, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice and the court case number is 5923 of 2008.

The company's registered office is situated at 55 Baker Street, London, W1U 7EU, and the registered number is 01878923.

I enclose, for your information, a summary of my receipts and payments to date, together with a copy of my abstract account covering the last six month period, and report as follows:

## 2 Receipts

The receipts shown should be self-explanatory although I will comment as follows:

### Artwork

Sotheby's in London were instructed to arrange a disposal strategy of the company's artwork, and to date realisations totalling £1,682,184 have been achieved through auctions and private sales in London and New York.

### Investments

The company held interests in a number of investments. Disposals to date have realised almost £5million in respect of a number of holdings.

### Inter-company and External Debtors

£316,002 has been received to date.

### Tax Refund

A refund of almost £1.2million has been received which was not anticipated at the date of our appointment.

### Rental Income

Rental income has been received on behalf of group companies and has been paid to Norwich Union Mortgage Finance upon receipt.

## 3 Trading

A number of the company's staff were retained after our appointment in order to assist with the ongoing management of business and realisation of assets of both the company's and other group companies under the Joint Administrators' control. The majority have now been dismissed and the company's premises has been vacated in preparation of a sale of the whole of the Dawnay, Day group's property portfolio.

Payments were made centrally by the company on both its own behalf and for costs incurred by other group companies as demonstrated in the receipts and payments account. Recharges to the other companies are being made on an ongoing basis and the accounts will be fully reconciled before the conclusion of the administration.

**4 Further Realisations**

Remaining assets comprise of artwork, shares and investments, and debtors. The level of realisations is presently uncertain. The majority of assets are expected to be realised before the conclusion of the administration, however Sotheby's have advised that the remaining artwork should not be marketed again for at least 18 months given the current market climate.

**5 Future of the Administration**

There are three objectives of an administration. The Joint Administrators' proposals stated that the first, that of rescuing the company as a going concern, was considered unachievable. However, the second objective is achieving a better result for the creditors of the company as a whole than would be likely if the company were wound up (without first being in administration). This was considered achievable as the sale of assets will result in greater realisations than would be achieved on a forced sale basis.

It is anticipated that the administration will move to creditors' voluntary liquidation in the next six months.

**6 Prospects for Creditors**

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 a company has granted to a creditor a floating charge a proportion of the net property of the company must be made available purely for the unsecured creditors.

As reported in the Joint Administrators' proposals the only charge registered at Companies House is a supplemental deed dated 12 February 2008 in favour of Norwich Union Mortgage Finance in respect of a cross guarantee in support of liabilities payable by other companies in the Dawnay, Day group. As the charge was registered within 12 months of the Administration and, to our knowledge, no consideration was received by the company in respect of granting this charge, I have instructed my solicitors to advise whether the charge may be avoided pursuant to Section 245 of the Insolvency Act 1986.

As stated above, the charge was granted in support of a cross guarantee in respect of borrowings by other group companies. At this stage it is uncertain as to whether these companies are in a position to repay Norwich Union in full from their own resources. In this event the cross guarantee will not be called upon.

For the purposes of this report I have assumed that no payment will be made to Norwich Union by the company. Therefore all realisations made in this Administration will be available to unsecured creditors after the expenses and costs of the Administration have been paid.

It is anticipated that a distribution will be made to unsecured creditors shortly after the administration is moved to creditors' voluntary liquidation.

## **7 Joint Administrators' Remuneration**

The creditors have already approved the Joint Administrators' remuneration on the basis of 3% of the value of property with which they have dealt. To date no remuneration has been drawn. I can confirm that there is no work that is usually carried out by the Joint Administrators which has been sub contracted outside my firm.

### **Disbursements**

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. To date, I have not made any drawings in respect of these disbursements.

Some administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO Stoy Hayward LLP is not to charge any category 2 disbursements.

Yours faithfully  
for and on behalf of  
Dawnay, Day International Limited



S Bannon  
Joint Administrator

Licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants

Enc



**Dawnay, Day International Limited**  
**(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments**  
**To 17 January 2009**

<b>RECEIPTS</b>	<b>Total (£)</b>
Sundry Income	26,461.91
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Rental Income	136,691.25
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Debtor	55,047.39
Vat Output	40,878.27
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	8,873,752.86

**PAYMENTS**

Direct Labour	1,175,773.98
Consumables	49.50
DDI Russia - Wages	2,328.21
Repairs & Renewals	425.00
Insurance & Transport of Art	42,187.90
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Other Property Costs	12,063.35
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Head rents payable	36,369.50
Secured Creditor - NU	121,427.07
Property Maintenance	41,822.27

**Dawnay, Day International Limited  
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments  
To 17 January 2009**

Art Transportation and Storage	375.00
Corporation Tax	200.00
Wages - Temporary Staff	29,095.00
Employer's contribution	4,727.29
Storage Costs	3,551.76
Re-direction of Mail	3,834.60
Other Property Expenses	12,372.37
Wages & Salaries	1,226,993.23
PAYE & NI	127,754.45
Bank Charges	1,060.00
Bupa Repayments	723.00
Pension Schemes	3,111.45
Vat Input	87,620.91
PAYE/NIC	<u>22,956.68</u>
	3,719,814.27
Balances in Hand	<u>5,153,938.59</u>
	<u><u>8,873,752.86</u></u>