

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

2.34B

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

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

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

(b) Insert name and address of registered office of company

having been appointed administrators of (b) Dawnay, Day International Limited whose
registered office is situated at 55 Baker Street, London, W1U 7EU.

(c) Insert date of appointment

(d) Insert name of applicant / appointor

On (c) 18 July 2008 by (d) the directors of the company

Hereby give notice that:

(e) Insert name(s) and address(es) of liquidator(s)

The provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is
proposed that (e) Shay Bannon, Mark Shaw and Toby Scott Underwood of BDO Stoy
Hayward, 55 Baker Street, London, W1U 7EUwill be the liquidators of the company (IP No(s) 8777, 8893 and 9270)

We attach a copy of the final progress report.

Signed

Joint/administrator(s)

Dated

16 July 2009

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 on the public record

BDO Stoy Hayward LLP, 55 Baker Street, London,	
W1U 7EU	
Our Ref 7/SMB/S3371/C15	Tel 020 7486 5888
DX Number 9025	DX Exchange West End W1

When 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

WEDNESDAY



COMPANIES HOUSE

16 July 2009

Your Ref
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

I now supply our final report in respect of this Administration.

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £7,845,036, together with a copy of our abstract receipts and payments account covering the final period, and report as follows:

1 Receipts

The receipts shown are largely self-explanatory, although we would comment specifically as follows:

1.1 Artwork

Sotheby's in London were instructed to arrange a disposal strategy of the company's artwork. Private sales and public auctions in London and New York have achieved realisations of almost £2 million.

There remain further pieces of art that failed to sell when offered at auction or by private sale. These remain with Sotheby's to be offered at auction later this year if Sotheby's advise that the market for the items has improved.

1.2 Investments

The disposal of the company's shares and investments has continued with realisations in excess of £5.6 million being achieved.

There remain a small number of investments which are yet to be realised due to the current financial environment.

1.3 Inter-company debts

To date, we have realised £339,840 in respect of sums due to the company by other companies within the Dawnay Day Group. There are further debts to be realised and we continue discussions with those companies as to when repayment may be expected.

1.4 Tax refunds

We have received a total of £1,194,891 in respect of tax refunds. No further monies are due.

2 Expenses

- 2.1 As creditors have been previously advised, a number of the company's employees were retained after our appointment in order to assist with the ongoing management of business and realisation of assets of both the company and other group companies under the Joint Administrators' control. They have all now been dismissed. The company's premises have also now been vacated due to the sale of the whole of the Dawnay, Day group's property portfolio on 25 March 2009.
- 2.2 Payments were made centrally by the company both on its own behalf and for costs incurred by other group companies. Recharges to the other companies have been made as appropriate and the accounts have been fully reconciled.

3 Future of the Company

- 3.1 The Joint Administrators' proposals were approved by the creditors at a meeting held on 25 September 2008, and it was resolved that the Joint Administrators should move the company to creditors' voluntary liquidation under paragraph 83 of Schedule B1 of the Insolvency Act 1986. As per the proposals the Joint Liquidators will be Shay Bannon, Mark Shaw and Toby Scott Underwood of this firm.
- 3.2 Please find attached a copy of form 2.34B which gives notice of the company's move from Administration to Creditors' Voluntary Liquidation. Upon registration of this notice at Companies House the Administration of the company will end and the liquidation will commence.
- 3.3 The Joint Liquidators will deal with the realisation of remaining assets. At this stage, the value that these assets will realise and time it will take is uncertain.

4 Prospects for Creditors

- 4.1 Under Section 176A of the Insolvency Act 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 unsecured creditors.
- 4.2 As has been previously reported the only charge registered at Companies House is a supplemental deed dated 12 February 2008 in favour of NUMF 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 twelve months of the Administration, and to our knowledge, no consideration was received by the company in respect of granting this charge, the charge may be avoided pursuant to Section 245 of the Insolvency Act 1986.
- 4.3 In the course of our investigations, we have discovered that the company had previously completed a Notice of Satisfaction in respect of a previous charge granted in favour of NUMF, therefore releasing the assets of the company from the charge. Our enquiries of NUMF and former company employees have, to date, provided no confirmation that NUMF agreed to this Notice being filed. To date, NUMF have not commenced any proceedings to have the earlier charge reinstated.
- 4.4 As there are funds available to creditors, we are obliged to give NUMF a final opportunity within the Liquidation to make an application to reinstate their earlier charge, failing which we will distribute the funds available to the preferential and unsecured creditors.
- 4.5 To date, we have received claims from trade and expense and inter-company creditors totalling £32,917,442. In addition, employees claims are currently c£2 million although this is subject to various claims lodged by employees in the Employment Tribunal.
- 4.6 We anticipate making a first distribution within four months, subject to NUMF making such an application referred to above.

5 Statutory Information

- 5.1 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 no Joint Administrator has exclusive power to exercise any function.
- 5.2 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, Chancery Division and the court case number is 5923 of 2008.

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

6 Joint Administrators' Remuneration

The creditors have already approved the Joint Administrators' remuneration on the basis of a 3% of the value of property with which they have dealt. We therefore update you that £288,218.05 has been drawn in respect of remuneration as shown on the attached receipts and payments account. We can confirm that there is no work that is usually carried out by the administrator which has been sub contracted outside our firm.

7 Joint Administrators' 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. I have drawn the sum of £16,110.30 in respect of bond premium, printing costs, travel and sustenance.

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

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



Mark Shaw
Joint Administrator
Licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants

Enc

Dawnay, Day International Limited
- In Administration

Summary of the Joint Administrators' Receipts And Payments for the Period 18 July 2008
(date of Administration) to 16 July 2009

RECEIPTS	Realised (£)	Period from 18 January 2009 to 16 July 2009 (£)
Sundry Income	-	(26,461.91)
IT Recharges	72,886.30	-
Payroll Recharges	92,229.66	-
Rental Income	-	(136,691.25)
Furniture & Equipment	-	(408.51)
Art Realisations	1,934,289.86	252,105.92
Insurance Debtor	-	(53,514.89)
Shares & Investments	5,612,561.54	713,889.81
Inter Company Debts	339,840.91	23,838.67
Tax Refund	1,194,891.43	-
Insurance Refund	132,885.02	1,480.80
Cash at Bank	146,568.40	1,222.81
Rental Income	-	(18,042.13)
Bank Interest Gross	7,914.76	0.63
Sundry Refunds	1,179.27	-
Debtor	55,517.39	470.00
Output VAT	-	(40,878.27)
Rates	24,418.56	24,418.56
Bank Interest Net of Tax	7,793.10	7,793.10
	<u>9,622,976.20</u>	<u>749,223.34</u>
PAYMENTS		
Direct Labour	254,774.46	(920,999.52)
Consumables	49.50	0.00
DDI Russia - Wages	12,550.33	10,222.12
Repairs & Renewals	425.00	0.00
Insurance & Transport of Art	36,836.83	(5,351.07)
Ransom Payments	4,351.43	0.00
DD Ukraine Wages	1,292.57	0.00
Photocopies	8,621.01	0.00
Waste Costs	465.03	0.00
Electricity	44,702.66	12,148.47
Gas	11,353.97	7,358.10
Telephone	78,647.40	22,468.75
Rates	96,459.77	(19,737.23)
Water Rates	1,512.50	403.40
Insurance	3,924.83	1,065.36
Professional Fees	243,741.11	90,259.54
Hire of Equipment	-	(7,877.10)
IT Costs	8,840.83	719.13
Stationery & Postage	4,628.40	4,550.69
DD India Wages	49,754.69	917.44
Sundry Expenses	143,791.62	52,764.49
Bank Charges & Interest	1,013.22	(34.76)
Legal Fees	81,819.65	67,607.65
Agent/Valuer Fees	500.00	0.00
Balance Carried Down	<u>1,090,056.81</u>	<u>-683,514.54</u>

Dawnay, Day International Limited
- In Administration

Summary of the Joint Administrators' Receipts And Payments for the Period 18 July 2008
(date of Administration) to 16 July 2009

	Realised (£)	Period from 18 January 2009 to 16 July 2009 (£)
Balance Brought Down	1,090,056.81	(683,514.54)
Service Charge Costs	235,149.33	32,038.98
Other Property Costs	14,526.84	2,463.49
Direct Property Maintenance & Repair	7,074.64	0.00
Head Rents Payable		(36,369.50)
Secured Creditor - Norwich Union		(121,427.07)
Property Maintenance	41,822.27	0.00
Art Transportation & Storage	375.00	0.00
Corporation Tax	200.00	0.00
Wages - Temporary Staff	29,095.00	0.00
Employer's Contribution	4,727.29	0.00
Storage Costs	8,129.51	4,577.75
Redirection of Mail		(3,834.60)
Other Property Expenses	12,372.37	0.00
Wages and Salaries	1,740,363.73	513,370.50
PAYE & NI	855,656.87	704,945.54
Bank Charges	1,961.26	901.26
BUPA Repayments	723.00	0.00
Pension Schemes	7,846.71	4,735.26
Input VAT	406,590.74	318,969.83
Output VAT	255.54	255.54
Indirect Labour	1,686.13	1,686.13
Administrator' Fees	288,218.05	288,218.05
Administrator' Disbursements	16,110.30	16,110.30
Payroll Costs	8,744.50	8,744.50
Enhanced Redundancy	100,833.33	100,833.33
Recovery of expenses from other group companies	(3,042,669.60)	(3,042,669.60)
	<u>1,829,849.62</u>	<u>-1,889,964.85</u>
Balances in Hand	7,793,126.58	2,639,188.19
	<u><u>9,622,976.20</u></u>	<u><u>749,223.34</u></u>

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

S Bannon, M Shaw & T S Underwood
Joint Administrators
16 July 2009

Note: The directors are yet to submit a Statement of Affairs