

Liquidator's Progress Report

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

S. 192

To the Registrar of Companies

Company Number

06842831

Name of Company

(a) Insert full name
of company

(a) DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION

(b) Insert full name(s)
and address(es)I ^(b)Paul Appleton of David Rubin & Partners LLP, 26 - 28 Bedford Row,
London, WC1R 4HE

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 9 November 2012 to 8 November
2013

Signed



Date

6 January 2014

Presenter's name,
address and reference
(if any)David Rubin & Partners LLP
26 - 28 Bedford Row
London WC1R 4HE

Tel 020 7400 7900

DX Number 267 DX Exchange London/Chancery Lane

TUESDAY



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COMPANIES HOUSE

IN THE MATTER OF
DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION

AND
THE INSOLVENCY ACT 1986

**THE LIQUIDATOR'S SECOND ANNUAL PROGRESS REPORT
PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT 1986**

AND
**RULE 4.49C OF THE INSOLVENCY RULES 1986
FOR THE YEAR ENDED 8 NOVEMBER 2013**

DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION
Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986

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DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION
Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986

(a) Introduction

The Company was placed into liquidation by a Special Resolution of the members followed by a meeting of the creditors convened pursuant to Section 98 of the Insolvency Act 1986 on 9 November 2011. This report provides an update on the progress of the liquidation for the year ended 8 November 2013.

Rule 4.49C-CVL(5): Progress Report

(b) Statutory information

Company name	Dig Deep Originals Limited
Registered office	26-28 Bedford Row, London WC1R 4HE
Company number	06842831
Trading name	None
Trading address	1 George Street, Richmond, Surrey TW9 1JY

(c) Liquidator's names and address:

Paul Appleton of David Rubin & Partners LLP, 26 - 28 Bedford Row, London, WC1R 4HE was appointed Liquidator of the Company on 9 November 2011.

(d) Basis of Liquidator's Remuneration

- 1.1 At the first meeting of Creditors, a resolution was passed approving that the basis of my remuneration as Liquidator be fixed by reference to the time properly spent, inter alia, by my staff and myself in attending to matters arising in the winding-up.
- 1.2 In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. There has not been any material increase in the rates during this appointment. Our current hourly chargeout rates, which are charged in units of 6 minutes, exclusive of VAT, are as follows -

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. Time is charged in minimum units of 6 minutes.

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(d) Basis of Liquidator's Remuneration...continued

1.3 *Staff allocation and the use of subcontractors*

My general approach to resourcing my assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment, and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

(e) Liquidator's Remuneration

My time costs for the year under review are £28,916. This represents 119 hours at an average rate of £241 per hour. I attach, as Appendix B, a Time Analysis, which provides details of the activity during the year, analysed by staff grade.

I have also reviewed my cumulative time costs for the period from 9 November 2011 to 8 November 2013, and would report that my total time costs are £172,100 for 588 hours, which equates to an average cost of £292 per hour. A breakdown of my time charges is also set out in Appendix B. To date £130,000 plus VAT has been paid on account of these time costs.

As outlined in my previous Progress Report, a substantial amount of Partner time has been applied to this matter due to the complex issues arising in relation to the sale of the Company's assets, in particular, the collection and disposal of the Company's stock, which included *inter alia* securing the stock from the various trading premises, dealing with landlord liens and retention of title ("ROT") claims and overseeing its sale over a three month period. Further issues also arose in relation to the Company's VAT deferment account and the reconciliation of the same, which required a higher amount of Partner input than anticipated.

To view an explanatory note concerning Liquidators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website at www.drpartners.com/cases, using the following log-on details:

USERNAME d932 dig@sharesrvr.com PASSWORD gtd239D*

Alternatively, please contact this office to arrange for a copy to be sent to you.

Included in the work undertaken by me and my staff is, *inter alia*, the following -

- i) Dealing with creditors' enquiries, both by correspondence and by telephone, and noting their claims.
- ii) Correspondence with the Company's employees regarding their redundancies, processing their claims via the Redundancy Payments Office ("RPO"), and arranging for the completion of their P45's.
- iii) Agreeing preferential claims and effecting settlements of the same.

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(e) Liquidator's remuneration...continued

- iv) Carrying out all necessary investigations, including the examination of the Company's statutory books and books of accounts and records in order to enable me to prepare and submit my report on the conduct of the Directors pursuant to the requirements of the Company Directors Disqualification Act 1986
- v) Liaising with my Agents, Philip Davies & Sons (Group) Limited ("PDS"), including extensive correspondence and attendances in respect of the marketing and sale of the Company's assets
- vi) Extensive correspondence with suppliers, PDS and my Solicitors, Finers Stephens Innocent LLP ("FSI") regarding ROT claims
- vii) Extensive correspondence with PDS and the landlords of the premises situated at Stratford and Brentford regarding the release of the Company's stock held in lieu of outstanding rent
- viii) Extensive correspondence and attendances with PDS regarding the sale of the Company's stock from its former trading premises in Richmond
- ix) Dealing with the disclaimer and surrender of the leases situated in Bath, Richmond, Stratford and Brentford, and liaising with the respective landlords in this regard
- x) Correspondence with the landlord of the premises in Richmond and FSI regarding the Company's rent deposit
- xi) Liaising with the Company's bankers, Lloyds TSB Bank plc ("Lloyds"), regarding the remittance of the funds held in the current account and VAT deferment account and undertaking a full reconciliation of the same
- xii) Sundry statutory and administrative duties

(f) Liquidator's expenses

Expenses incurred in the liquidation are explained at (g) below in my comments on the Receipts and Payments Accounts

(g) Details of progress for the period under review and cumulatively:

A Receipts and Payments Account is attached at Appendix A, which is further explained below. Also, attached at Appendix A is a cumulative Receipts and Payments Account for the period from 9 November 2012 to 8 November 2013

1. Receipts

1.1 Refund/Recovery

An amount of £979 was recovered during the year from London Borough of Hounslow in relation to an overpayment of national non-domestic rates

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(g) Details of progress for the period under review and cumulatively...continued

1.2 Bank Interest Gross

Interest earned during the year amounted to £276

2. Payments

2.1 Liquidator's Remuneration

Amounts totalling £80,000 plus VAT were drawn on account of my firm's time costs during the year, as outlined in (e) above

2.2 Legal Fees

Creditors will recall that I had incurred legal fees as at the date of my previous Progress Report of £1,036, which, at that time, had not been discharged. These have now been discharged and are reflected as such in the attached Receipts and Payments account

(h) Details of any assets that remain to be realised and outstanding matters

There are no assets remaining to be realised

(i) Investigations

1.1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents

1.2 Shortly after my appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My examinations have not revealed any issues requiring further investigation

(j) Creditors' rights – Rule 4.49E and Rule 4.131

i) Within 21 days of the receipt of this report, a Secured Creditor, or an Unsecured Creditor, (with the concurrence of at least 5% in value of the Unsecured Creditors), may request, in writing, that the Liquidator provides further information about his remuneration or expenses, which have been itemised in this progress report

ii) Any Secured Creditor, or an Unsecured Creditor, (with the concurrence of at least 10% in value of the Unsecured Creditors), may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Liquidator's remuneration, the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive

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(k) Any other relevant information:

(i) (a) Secured Creditors

As outlined in my previous report, on 12 January 2011, the Company provided Lloyds-TSB Bank plc ("LTSB") with a cash deposit of £40,000 in relation to potential liabilities for import duty. Those funds were held by LTSB, pending enquiries being undertaken by HM Revenue and Customs. As previously outlined, following the submission of the Company's final VAT return, it was confirmed that there were no outstanding liabilities in respect of the same and, accordingly, the funds held by LTSB were remitted to this office.

(b) Prescribed Part

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts.

Accordingly, this regulation does not apply as there are no floating charge holders.

(ii) Preferential Creditors

I have received a preferential claim from the RPO in the sum of £15,582.05. There are also preferential claims of 9 employees, who are owed the balance of their wages and holiday pay amounting to £5,575.48. As previously advised, Preferential Creditors were paid in full on 2 October 2012.

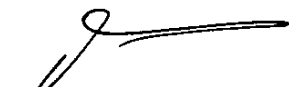
(iii) Unsecured Creditors

The claims of 56 Unsecured Creditors totalling £4,520,191 have been received and admitted for dividend purposes. Whilst not reflected in the attached Receipts and Payments account, a first and final distribution was paid to Unsecured Creditors on 9 December 2013. The aforementioned distribution amounted to 0.337 pence in the pound.

(l) Next report

I am required to provide a further report on the progress of the liquidation within two months of the end of the next anniversary of the liquidation, unless I have concluded matters prior to that, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact, in the first instance either my Senior Manager, Glyn Middleton, or his assistant, Ben Svendsen, at this office.



PAUL APPLETON - LIQUIDATOR

DATE: 6 JANUARY 2014

DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION
LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT
FROM 9 NOVEMBER 2011 TO 8 NOVEMBER 2013

	<u>Estimated</u> <u>to realise</u> £	<u>Realised</u> <u>to-date</u> £	<u>Y/E</u> <u>08-Nov-13</u> £
<u>Balance brought forward</u>			297,478 14
<u>Receipts</u>			
Goodwill & Intellectual Property	Uncertain	5,000 00	-
Refund/Recovery		1,102 07	979 57
Furniture & Equipment	4,100 00	5,871 67	-
Motor Vehicles	8,000 00	8,500 00	-
Stock	50,000 00	135,970 25	-
Shares & Investments	Uncertain	1 00	-
Insurance Refund	Uncertain	865 73	-
Cash at bank	80,037 00	128,831 59	-
Cash held on Appointment		12,000 00	-
Bank Interest Gross		592 19	276 79
		<u>298,734 50</u>	<u>298,734 50</u>
<u>Payments</u>			
<u>Balance brought forward</u>			155,409 17
Statement of Affairs Fee		10,000 00	-
Liquidator's Remuneration		130,000 00	80,000 00
Specific Bond		450 00	-
Statutory Costs		11 00	-
Stationery & Postage		113 75	-
Carriage and Archiving		150 00	-
Storage Costs		520 00	-
Statutory Advertising		306 00	-
Insurance of Assets		4,499 46	-
Other Property Expenses		10,313 72	-
Retention of Title Settlement		7,200 00	-
Legal Fees		2,621 00	1,036 00
Agents' Fees		49,109 45	-
Preferential Creditors - Paid in Full		21,150 79	-
		<u>236,445 17</u>	<u>236,445 17</u>
Receipts less Payments		<u>62,289 33</u>	<u>62,289 33</u>
Represented by -			
VAT Recoverable			16,429 51
Balance at Bank			<u>45,859 82</u>
			<u>62,289 33</u>

DIG DEEP ORIGINALS LIMITED - IN LIQUIDATION							
LIQUIDATOR'S TIME COSTS FOR THE YEAR ENDED 8 NOVEMBER 2013							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	10 54	11 18	43 18	06 00	71 30	15,428 50	215 78
Investigations	00 00	00 00	00 00	00 00	00 00	0 00	0 00
Realisations of assets	05 42	00 00	01 12	00 00	06 54	2,463 00	356 96
Creditors	10 48	14 24	16 12	00 00	41 24	11,025 00	266 30
Trading	00 00	00 00	00 00	00 00	00 00	0 00	0 00
Total hours and costs	27 24	25 42	60 42	06 00	119 48	28,916 50	241 37

LIQUIDATOR'S CUMULATIVE TIME COSTS FOR THE PERIOD 9 NOVEMBER 2011 TO 8 NOVEMBER 2013							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	28 54	35 42	67 54	16 42	149 12	35,282 50	236 48
Investigations	06 30	21 42	06 36	00 00	34 48	10,308 50	296 22
Realisations of assets	107 54	48 24	35 54	00 00	192 12	63,568 00	330 74
Creditors	97 42	49 54	64 54	00 00	212 30	62,941 50	296 20
Trading	00 00	00 00	00 00	00 00	00 00	0 00	0 00
Total hours and costs	241 00	155 42	175 18	16 42	588 42	172,100 50	292 34

The above headings include *inter alia*

Administration and Planning
case planning
appointment notification
maintenance of records
statutory reporting and compliance
tax and VAT

Realisation of Assets
identifying and securing assets
debt collection
property, business and asset sales

Investigations
SIP2 review
reports pursuant to Company Directors Disqualification Act 1986
investigating antecedent transactions

Creditors
communications with creditors
creditors claims (including secured creditors, employees and preferential creditors)

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate.

Postage and stationery circulars to creditors

Headed paper 25p per sheet
Photocopying 6p per sheet

Envelopes 25p each
Postage Actual cost

Meeting Costs Use of Meeting Room is charged at £150 per session

Storage and Archiving

We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour.

Mileage incurred as a result of any necessary travelling is charged to the estate at the HM Revenue & Customs approved rate, currently 45p per mile.