

Rule 1.26A/1 54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress ReportPursuant to Rule 1.26A(4)(a) or
Rule 1.54 of the
Insolvency Rules 1986**R.1.26A(4)(a)/
R.1.54**

For Official Use

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To the Registrar of Companies

Company Number

06878706

Name of Company

Diagnosys Systems Ltd

I / ~~We~~

William Antony Batty, 3 Field Court, Grays Inn, London, WC1R 5EF

supervisor(s) of a voluntary arrangement taking effect on

21 October 2013

Attach my progress report for the period

21 October 2013

to

20 October 2014

Number of continuation sheets (if any) attached

1

Signed

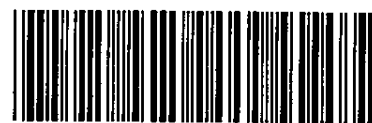


Date 12 12 2014

Antony Batty & Company LLP
3 Field Court
Grays Inn
London
WC1R 5EF

Ref DTS/WAB/JB

Insolvent

*A3N3RYNS*
A41 20/12/2014 #192
COMPANIES HOUSE

**Voluntary Arrangement of
Diagnosys Systems Ltd**

Statement of Affairs	From 21/10/2013 To 20/10/2014
ASSET REALISATIONS	
Debtor Contributions	44,000 00
Bank Interest Gross	29 99
	<u>44,029 99</u>
COST OF REALISATIONS	
Specific Bond	672 00
	<u>(672 00)</u>
	<u><u>43,357.99</u></u>
REPRESENTED BY	
Bank 1 Current	43,357 99
	<u><u>43,357 99</u></u>



William Antony Batty
Supervisor

DIAGNOSYS SYSTEMS LTD - COMPANY VOLUNTARY ARRANGEMENT
SUPERVISOR'S PROGRESS REPORT

ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAY'S INN
LONDON
WC1R 5EF

DIAGNOSYS SYSTEMS LTD - COMPANY VOLUNTARY ARRANGEMENT

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Supervisor to provide creditors with an update of the progress of the arrangement. The report has been prepared for the purpose of advising creditors. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty was appointed as Supervisor of Diagnosys Systems Ltd on 21 October 2013

WA Batty, SJ Evans and HF Jesseman are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales under S 390 (2) of the Insolvency Act 1986

Abbreviations used in this report

- Diagnosys Systems Ltd – ("Diagnosys Systems Ltd" or "the Company")
- Company Voluntary Arrangement – ("CVA")
- W A Batty - ("the Supervisor")
- HM Revenue & Customs - ("HMRC")
- Redundancy Payments Office - ("RPO")

DIAGNOSYS SYSTEMS LTD - COMPANY VOLUNTARY ARRANGEMENT

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- 3 Progress of Voluntary Arrangement since last report
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APPENDICES

- I Supervisor's receipts and payments account
- II Summary of Supervisor's time costs
- III Summary of Supervisor's expenses
- IV Charge out rates & disbursements policy

DIAGNOSYS SYSTEMS LTD - COMPANY VOLUNTARY ARRANGEMENT

1 INTRODUCTION

This report is prepared pursuant to the provisions of the Insolvency Act 1986, which require the Supervisor to provide creditors and members with an update on the progress of the Voluntary Arrangement

This report covers the period from 21 October 2013 to 20 October 2014 and is the first annual report.

The following information is included in this report

- A summary of the Proposal for the Voluntary Arrangement
- The progress of the Voluntary Arrangement and prospects of full implementation
- Details of any distributions made to creditors and likely further distributions
- Details of the Supervisor's receipts and payments including details of assets realised and any costs paid
- Information regarding fees and expenses

2 SUMMARY OF PROPOSAL

2 1 Approval of Proposal

The Proposal for a voluntary arrangement was approved, without modifications, at meetings of creditors and members held on 21 October, 2013 and I was appointed Supervisor

2 2 Details of Proposal

The Proposal provides for the Company to make monthly contributions from its on-going income as follows

	<u>Amount</u>	<u>Actual</u> <u>Receipts</u>
	£	£
Year 1	44,000	44,000
Year 2	84,000	
Year 3	120,000	
Year 4	120,000	
Year 5	150,000	
A total of:	£518,000	£44,000

2 3 Estimated Outcome in the Proposal

The Proposal estimated that preferential creditors would be paid in full and unsecured creditors would be paid in full over a five year period, based on estimated unsecured claims of £349,124 from original proposal

3 PROGRESS OF THE VOLUNTARY ARRANGEMENT

3 1 Contributions

To the date of this report the Company has made contributions of £44,000 which is in accordance with the Proposal

3 2 Trading Performance of the Company

The company has provided management accounts which show a significant trading profit loss Turnover for the six months ending 31 March 2014 was £635,740 resulting in a Gross Profit of £293,227 and loss of -£547,400, there is no scope for an increase in the monthly CVA contributions

The Director has indicated that business had drastically slowed down in recent months With staff costs high and the main contributor to the significant losses the Company has adapted to the current market conditions and made a further nine redundancies in the period of this report At the date of sending this report a further seven redundancies have been made to reduce the overheads

The Company is awaiting news as to its attempts to win a significant contract it was competing for in October of this year, should they be successful the Company expects to be in healthy position to trade through this difficult period, however, this situation is being carefully monitored

4 CREDITORS – CLAIMS AND DISTRIBUTIONS

There are a number of different classes of creditors in insolvency matters These include

Secured Creditors are creditors who hold fixed and or floating charge debenture security, secured creditors are paid in priority to other creditors, subject to preferential creditors and unsecured creditors under the prescribed part

Preferential creditors comprise employees' claims for holiday pay and some arrears of wages Preferential creditors are paid in priority to the prescribed part, floating chargeholders and unsecured creditors

Unsecured creditors rank behind secured and preferential creditors Unsecured creditors receive the surplus from net realisations after secured and preferential creditors and any payment which is made under the prescribed part

4 1 Secured Creditors

The Company's secured creditors are excluded from this Arrangement and will rely on their security

4 2 Preferential creditors

The only known preferential creditors are the former employees of the Company for unpaid wages and holiday pay These claims are subject to a maximum limit set by the insolvency legislation

4.3 Unsecured Creditors

Claims

The CVA proposal estimated unsecured creditors at £349,124 from thirty-seven of creditors

To date I have received claims from unsecured creditors of approximately £380,695, from thirty-eight of creditors, I have yet to receive a final claim from HM Revenue & Customs in respect of VAT/ PAYE & NIC I also anticipate a significant claim from The Insolvency Service in respect of former employees RPO claims which will have preferential element that takes preference over the unsecured creditor claims

Distributions

Please note that the agreed CVA proposal prevents me from making a distribution to unsecured Creditors until preferential claims have been settled After settlement of the preferential creditors I intend to declare a first interim dividend to unsecured creditors once funds permit

I note that some creditors, detailed below have not yet submitted claims and supporting evidence in the voluntary arrangements and I would advise that in order to participate in the dividends they must submit their claims as soon as reasonably possible

Unsecured Creditor	Statement of Affairs amount	£
A & A Packaging Company		50 04
Ambassador Cleaning Ltd		1,457 46
BDO Stoy Hayward LLP		51,300
CCRCO		451 13
ENCIRIS Technologies SAS		263 21
Ellis Bower		200 00
Greenaway Pallet Services		175 00
HM Revenue & Customs	(Final Claim)	49,073 00
John Pipe International		1,962 00
Livingston Ltd		1,602 00
MPA Group		22,723 00
Office Direct		360 94
S K Interiors Limited		19,973 76
Shred It		1,200 00

Due to higher claims than anticipated and increased costs in handling unforeseen employee issues I currently estimate that the total distributions to creditors will be approximately 89p in the £. However, this estimate is subject to further revision and is not a guaranteed figure

5 SUPERVISOR'S RECEIPTS AND PAYMENTS

A summary of my receipts and payments relating to the Voluntary Arrangement for the period from 21 October 2013 to 20 October 2014 is enclosed at Appendix I

I have made the following significant payments during the period of the report not detailed elsewhere in the report

Marsh Limited have been paid £672, in respect of a specific insolvency bond, which is required by statute in all insolvency cases. Marsh Limited provide a specialised insolvency insurance service. The premiums are based on their scale rates.

The choice of professionals was based on the Supervisor's perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the agreed fee arrangement with them. The fees charged have been reviewed and the Supervisor is satisfied that they are reasonable in the circumstances of this case.

Details of the significant receipts are shown in the Asset section of this report

6. SUPERVISOR'S REMUNERATION & EXPENSES

6.1 Approval of Basis of Remuneration & Expenses

My fees as Supervisor were approved as part of the Proposals on a time cost basis, by reference to time properly given by me and my staff in attending to matters arising in the Voluntary Arrangement, together with category 2 expenses.

Category 1 expenses are payable without approval from creditors.

6 2 Supervisor's Time Costs

For the period of this report, time costs amount to £12,020, representing over forty-two hours work, at an average charge out rate of £280

For the period of this report I have yet to draw any fees in respect of my remuneration

Appendix II contains a schedule of the time spent on the Voluntary Arrangement and has been categorised into the following headings

Appendix II contains schedules of the time spent on the Voluntary Arrangement for the period of the report and of the total time spent on the voluntary arrangement, and has been categorised into the following headings

- Administration and Planning includes case planning, administrative set-up, appointment notification, statutory reporting, compliance, cashiering, accounting and administrative functions
- Realisation of Assets includes identifying, securing, insuring assets, retention of title issues, debt collection, property, business and asset sales
- Investigations includes reporting on the conduct of directors, investigating antecedent transactions and any other investigations that may be deemed appropriate
- Trading includes planning, strategy, trading accounting, managing operations on site, corresponding with suppliers and customers, and on-going employee matters
- Creditors includes creditor set up, communication and meetings, reviewing and agreeing preferential and unsecured claims, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted by the Company

For the period of this report, the time spent on this matter has predominantly been spent on agreeing creditors' claims and on the initial set up and statutory tasks of the Voluntary Arrangement

Over eight hours was spent dealing with employees and the RPO with additional redundancies as part of the continued restructuring process, this was necessary to reduce staff costs and therefore increase cash flow

The Proposal anticipated that Supervisor's fees would total £30,000 over the full term of the CVA, at an average of £6,000 per year. In light of the increased costs, I anticipate that the total Supervisor's costs in this matter will be approximately £36,000

These costs are higher than estimated in this matter, due to the necessary correspondence incurred in order to handle the Company's further redundancies

Work such as dealing with redundancies, preparing necessary paperwork to the RPO and reports to the creditors and case management on this assignment has predominantly been carried out by a manager with the suitable level of experience and authority necessary to progress the CVA. Less complex areas of work such as administrative functions have been carried out by junior grades of staff

A Guide to Supervisor's fees may be found at <http://www.antonybatty.com/resource>. I will also be pleased to send you a copy by e-mail or post on request. Details of current charge out rates are given at Appendix IV

6 3 Supervisor's Expenses

A summary of my expenses is given at Appendix III. To date I have not drawn in respect of my expenses

Details of the disbursements policy are given at Appendix IV

6 4 Nominee's Fees and Expenses

My Nominee's fee was approved as a fixed fee of £7,500 plus expenses as part of the Proposals

This fee will be paid in full shortly

7 PROSPECTS FOR FULL IMPLEMENTATION OF THE ARRANGEMENT

Based on the progress of the Arrangement and if the Company continues to make the contributions in accordance with the proposal, as the agreed claims are significantly higher than initially estimated, this will mean that creditors will not receive payment in full as originally stipulated in the proposal, but instead will in all probability receive approximately 89 pence in the £ for their unsecured claims

8 OTHER MATTERS

I shall report to creditors again on the next anniversary of the CVA or if any significant matters require creditors' attention in the meantime

During the autumn of 2011, a decision was handed down in a VAT Tribunal, which related to the charging of VAT by Nominees and Supervisors of Voluntary Arrangements. In accordance with the decision of the Tribunal, which made Voluntary Arrangements VAT exempt, no VAT will be charged on my Supervisor's fees

Should you require any further information please contact my colleague John Baalham



W A Batty
Supervisor

Dated 12 December 2014

Diagnosys Systems Ltd
(Under a Voluntary Arrangement)

Summary of Receipts & Payments
21 October 2013 to 20 October 2014

	Total (£)
RECEIPTS	
Debtor Contributions	44,000 00
Bank Interest Gross	29 99
	<hr/>
	44,029 99
	<hr/>
PAYMENTS	
Specific Bond	672 00
	<hr/>
	672 00
	<hr/>
Balance In Hand	43,357 99
	<hr/>
	44,029 99
	<hr/>

DTS

Diagnosys Systems Ltd

SIP 9 - Time & Cost Summary

Period 21/10/13 20/10/14

Time Summary

Classification of work function	Hours					Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 50	17 10	0 00	17 60	4 182 00	237 61
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	5 30	0 30	6 00	0 00	11 60	3 625 20	312 52
Trading	4 30	0 00	0 00	0 00	4 30	1 715 70	399 00
Creditors	1 90	0 00	7 40	0 00	9 30	2 497 10	268 51
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Pre Jan 2003 Time	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	11 50	0 80	30 50	0 00	42 80	12 020 00	280 84
Total Fees Claimed						0 00	

APPENDIX III

DIAGNOSYS SYSTEMS LTD - COMPANY VOLUNTARY ARRANGEMENT

SUMMARY OF SUPERVISOR'S EXPENSES

	Category 1	Category 2
For the period 21/10/2013 to 12/12/2014		
Photocopying		£135
Court filing	£35	
Companies House search		£20
Postage		£65
Sundry		£110
	<u>£35</u>	<u>£330</u>
Drawn	<u>£Nil</u>	<u>£Nil</u>
Outstanding	<u>£35</u>	<u>£330</u>

Antony Batty & Company LLP

Time Costs – Charge out rates per hour and disbursements policy.

1 April 2013 – 31 March 2015

2013\15

Office Holder (e.g. Supervisor)	£399
Senior Manager	£335
Case Manager	£295
Senior Administrator	£235
Administrator	£145
Junior Administrator	£80

2012\13

Office Holder (e.g. Supervisor)	£399
Senior Manager	£325
Case Manager	£295
Senior Administrator	£225
Administrator	£135
Junior Administrator	£80

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Time is recorded in units of six minutes. The minimum unit of time is therefore six minutes.

Members of staff with the appropriate level of experience and authority have been and will be used for the various aspects of work necessary in this assignment.

Disbursement Policy

Please note that the liquidator's disbursements are charged out at the following rates -

Category 1 - represent recovery of necessarily incurred disbursements at the cost incurred

Sundry disbursements, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

Travel. Excluding mileage, travel costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

Category 2

Photocopying	15p per sheet
Postage	Royal Mail postage rates (non-franked mail)
Faxes - UK	£1 per sheet
International	£2 per sheet
Internal meeting room hire -	£100 per hour, (minimum 1 hour)
Storage	£35 per box per annum
File set up, stationery & record retention	£50 per folder
Companies House search	£20 per case
Travel where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 40p per mile.	
VAT is charged as appropriate	