

AM10

Notice of administrator's progress report



Companies House

FRIDAY



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A81RR5IP

22/03/2019

#15

COMPANIES HOUSE

1 Company details

Company number 0 7 8 7 4 5 7 2

Company name in full DGOS Limited

→ Filing in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Julien

Surname Irving

3 Administrator's address

Building name/number Leonard Curtis

Street Tower 12, 18/22 Bridge Street

Spinningfields

Post town Manchester

County/Region

Postcode M 3 3 B Z

Country

4 Administrator's name ①

Full forename(s) Andrew

Surname Poxon

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Leonard Curtis

Street Tower 12, 18/22 Bridge Street

Spinningfields

Post town Manchester

County/Region

Postcode M 3 3 B Z

Country

② Other administrator
Use this section to tell us about
another administrator.

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6 Period of progress report

From date	d	3	d	1	m	0	m	8	y	2	y	0	y	1	y	9
To date	d	2	d	8	m	0	m	2	y	2	y	0	y	1	y	9

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X 

X

Signature date

d	2	d	1	m	0	m	3	y	2	y	0	y	1	y	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

AM10

Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Rachel Cooke**

Company name **Leonard Curtis**

Address **Tower 12, 18/22 Bridge Street**

Spinningfields

Manchester

Post town

County/Region

Postcode **M 3 3 B Z**

Country

DX

Telephone **0161 831 9999**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

DGOS LIMITED
(IN ADMINISTRATION)

Registered Number: 07874572

Court Ref: 2815 of 2018

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD)

**Joint Administrators' first progress report in accordance
with Rule 18.3 of the Insolvency (England and Wales) Rules 2016**

Report period
31 August 2018 to 28 February 2019

21 March 2019

Julien Irving and Andrew Poxon - Joint Administrators
Leonard Curtis
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ
Tel: 0161 831 9999 Fax: 0161 831 9090
General email: recovery@leonardcurtis.co.uk
Ref: M/38/RLC/D695K/1010

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**STRICTLY PRIVATE AND CONFIDENTIAL
NOT FOR PUBLICATION**

**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL MEMBERS**

1 INTRODUCTION

- 1.1 This report has been produced in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 ("the Rules") to provide creditors with an update on the progress of the Administration of DGOS Limited ("the Company") for the period from 31 August 2018 to 28 February 2019. This is the Joint Administrators' first progress report to creditors.

2 STATUTORY INFORMATION

- 2.1 Julien Irving and Andrew Poxon were appointed as Joint Administrators of the Company in the jurisdiction of High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD), number 2815 of 2018 on 31 August 2018. The Administration appointment was made by the qualifying floating charge holder. *The Joint Administrators can confirm that there has been no change in office-holder since the date of Administration.*
- 2.2 The Administration is being handled by the Manchester office of Leonard Curtis, which is situated at Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ.
- 2.3 The principal trading address of the Company was Unit D3 Broadoak Business Park, Ashburton Road West, Manchester, M17 1RW. The business traded under its registered name.
- 2.4 The registered office address of the Company at the date of the appointment of the Joint Administrators was Unit D3 Broadoak Business Park, Ashburton Road West, Trafford Park, Manchester M17 1RW. Following the appointment, this was changed to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ. The registered number of the Company is 07874572.
- 2.5 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended), it should be noted that during the period in which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Joint Administrators may be exercised by all or any of the persons holding that office.
- 2.6 *The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.*

3 JOINT ADMINISTRATORS' PROPOSALS

- 3.1 Attached at Appendix A is a summary of the Joint Administrators' approved proposals for achieving one of the three statutory purposes of Administration.
- 3.2 The Proposals were approved by deemed consent by the creditors on 1 October 2018. Please note that the date included on form AM06 was incorrect.
- 3.3 There have been no major amendments to, or deviations from, the proposals during the course of the Administration to date.

DGOS LIMITED – IN ADMINISTRATION

3.4 The objective of the Administration is to realise property in order to make a distribution to the secured creditor.

3.5 This objective has been achieved as the secured creditor has been repaid in full following the sale of business.

4 PROGRESS OF THE ADMINISTRATION

4.1 Attached at Appendix B is the Joint Administrators' receipts and payments account for the period from 31 August 2018 to 28 February 2019.

4.2 Sale of Business

As previously reported to creditors, the business and assets of the Company were sold on 31 August 2018 to DGOS Holding Limited ('the Purchaser'), which is a connected party as defined in Section 249 and 435 of the Insolvency Act, by way of a common director and shareholder with the Company, Mr Darren Carr.

The agreed sale consideration was £557,277, made up of £83,000 of cash consideration and payment of Positive Cashflow Finance Limited's ("Positive") indebtedness in the sum of £474,277. A payment of £10,000 was due on completion, followed by four monthly instalments of £14,500, and a final instalment of £15,000. The sale consideration is secured by way of a debenture over the purchaser and a personal guarantee provided by Mr Darren Carr.

The Purchaser has repaid Positive's indebtedness, totalling £474,277, in full.

During this period, the full amount of £83,000 of cash consideration should have been received. However, to date the Joint Administrators have received £24,250, meaning that the Purchaser is currently in breach of the Sale Agreement. We have been in correspondence with the Purchaser regarding the outstanding deferred, and we have recently held a meeting with Mr Carr as Director of the Purchaser to discuss the matter, however no payment has been forthcoming. We have now commenced recovery proceedings against both the Purchaser and Mr Carr in his personal capacity as guarantor.

4.3 Book debts

The Company's debtors ledger was subject to an invoice finance facility with Positive. Positive hold security by way of a Debenture, incorporating a Fixed and Floating Charges over the Company's assets.

At the date of our appointment, the Company held a gross funded ledger totalling £560,958. A sum of £474,277 was due to Positive.

As detailed in section 4.3 below, as part of the sale of business, the Purchaser was required to pay Positive £474,277, being the equivalent of the debt. This has been paid in full.

Following Positive's collection of the debtors ledger, termination fees have been chargeable which have attracted VAT. This VAT is reclaimable for the benefit of the administration, and totals £11,232.62.

4.4 Director's loan account

The book value of the director's loan account as stated in the Company's filed accounts as at 31 December 2016 was £89,108. The Joint Administrators have instructed Harold Sharp Accountants to provide an analysis of the account, including movements since 31 December 2016, and comment on its collectability. Once this has been received, the Joint Administrators will liaise with the director and seek his proposals for repayment of the balance due, if any.

4.5 Licence to Occupy

The Company traded from leasehold premises located at Unit D3 Broadoak Business Park, Ashburton Road West, Manchester, M17 1RW. In order to allow the Purchaser to continue to trade the business, a licence to occupy was granted to the Purchaser upon completion of the sale.

I can advise that the licence fee is £2,109.38 per month. During this reporting period, £6,327.93 has been received, and £4,218.76 has been paid in rent. The balance of rent due will be paid to the landlord in due course.

The Purchaser is in arrears with licence fee payments, although a further £4,218.94 has been received since this reporting period, which leaves one month outstanding. We have asked the Purchaser to arrange a new lease directly between themselves and the landlord. If this is not completed shortly and the account is not brought up to date, we will ask the Purchaser to vacate the premises.

As the licence fee is equivalent to the rent due, no overall realisations are anticipated to be available for the benefit of the estate.

4.6 Interest

Interest totalling £11.22 has been received during this reporting period.

5 ASSETS STILL TO BE REALISED

- 5.1 The assets still to be realised are the sales consideration, directors loan account and licence to occupy fees discussed at 4.3 to 4.5 above.

6 INVESTIGATIONS

- 6.1 Following their appointment, the Joint Administrators considered the information acquired in the course of appraising and realising the business and assets of the Company, together with information provided by the Company's directors and its creditors, to identify any further possible realisations for the estate and what further investigations, if any, might be appropriate.
- 6.2 That assessment did not identify any possible further realisations. In addition, the Joint Administrators concluded that no further investigations were required. If, however, any creditor is aware of any particular matters which they consider require investigation, they should please send full details to this office at the address given at the front of this report.
- 6.3 Regardless of the above, the Joint Administrators have complied with their statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority.

7 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Pre-Administration Costs

- 7.1 On 21 November 2018, the secured creditor consented to the following pre-Administration costs and expenses being paid as an expense of the Administration:

Charged by	Services provided	Total amount charged £	Amount paid £	Amount unpaid £
Leonard Curtis	Carried out an assessment of the financial position with a view to establishing the appropriate insolvency procedure. Providing insolvency advice to the directors and Company on the available options, instructing valuation agents, liaising with the secured creditors with regards the strategy, marketing the company, negotiating and agreeing the sale of business and assets and dealing with all appointment formalities.	22,255.00	10,000.00	12,255.00
Cerberus Asset Management	Valuation of chattel assets	3,500.00	Nil	3,500.00
Cerberus Receivables Management	Valuation of book debts	3,500.00	Nil	3,500.00
Farleys Solicitors	Preparing appointment documents, filing of appointment documents, drafting and agreeing sale documentation	12,500.00	10,000.00	2,500.00
	Total	£41,755.00	20,000.00	£21,755.00

The costs that have been paid are detailed in the receipts and payments account attached at Appendix B. The outstanding costs will be paid shortly.

Joint Administrators' Remuneration

- 7.2 On 21 November 2018, the secured creditor agreed that the basis of the Joint Administrators' remuneration be fixed by reference to time properly spent by them and their staff in attending to matters arising from the Administration for an amount not exceeding £58,595.00, as set out in a Fees Estimate.
- 7.3 The time charged by the Joint Administrators for the period of this report amounts to £49,605.50. This represents 160.6 hours at an average rate of £308.88 per hour. A summary of time costs incurred in the period is set out at Appendix C, together with a detailed description of work undertaken in the period, attributable to each category of time costs, and an explanation of why it was necessary for that work to be performed.
- 7.4 Attached, at Appendix D, is a summary of time costs incurred to date compared with time costs as set out in the Joint Administrators original fees estimate.
- 7.5 You will note that time costs incurred to date do not exceed the time as set out in the Fees Estimate. As demonstrated at Appendix D, costs attributable to each category of time generally fall within those anticipated. The areas where significant variance has occurred relate to Liabilities and Legal Services.
- 7.6 Greater time than anticipated has been recorded to the category of Liabilities. This is primarily due to more time being spent on the preparation of the SIP16 report and the Joint Administrators proposals than initially envisioned.

DGOS LIMITED – IN ADMINISTRATION

- 7.7 There was no provision provided in the fees estimate with regard to Legal Services. Instead of appointing external solicitors, our in house legal team has been utilised, which helps to minimise the overall costs to the estate. Time has been spent by our legal team in relation to a novation agreement.
- 7.8 The Administration is not yet complete and it is therefore anticipated that further time costs will be incurred in dealing with this matter. The Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the Administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to the secured creditor for further approval. The information provided above is therefore for information purposes only.
- 7.9 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from:
<https://www.r3.org.uk/what-we-do/publications/professional/fees>
- 7.10 If you would prefer this to be sent to you in hard copy please contact Rachel Cooke of this office on 0161 831 9999.
- 7.11 No remuneration has been drawn in respect of the Joint Administrators remuneration to date.

8 JOINT ADMINISTRATORS' EXPENSES

- 8.1 Creditors will recall that the Joint Administrators have previously circulated a 'Statement of Likely Expenses' in this matter.

Expenses are separated into the following categories:

- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
- (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in a particular case. Also included within this category are costs that are directly referable to the Administration but are not paid to an independent third party (and which may include an element of allocated costs).

These are known as "Category 2 disbursements" and are subject to the approval of the creditors. On 21 November 2018, the secured creditor also approved that category 2 disbursements could be drawn by the Joint Administrators, as detailed at Appendix F.

- 8.2 A copy of the Joint Administrators' statement of likely expenses, together with comparative details of expenses incurred during the current reporting period and confirmation as to whether those amounts are paid or unpaid is set out at Appendix E.
- 8.3 You will note that, in general, the nature and value of expenses incurred to date fall within those anticipated within the original statement of expenses.
- 8.4 Attached at Appendix F is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 8.5 Under Rule 18.9 of the Rules, within 21 days of receipt of this report, a secured creditor, or an unsecured creditor with either the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or with the permission of the court, may make a written request to the Joint Administrators for further information about remuneration or expenses set out in this report.

DGOS LIMITED – IN ADMINISTRATION

- 8.6 Under Rule 18.34 of the Rules, any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court, on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or the remuneration or expenses charged by the Joint Administrators are, in all the circumstances, excessive.
- 8.7 The application must be made no later than eight weeks after receipt of the progress report that first reports the fee basis, the charging of the remuneration or the incurring of the expenses in question.
- 8.8 Unless the court orders otherwise, the costs of the application shall be paid by the applicant and are not payable as an expense of the Administration.

9 ESTIMATED OUTCOME FOR CREDITORS

- 9.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.

Secured Creditors

9.2 Positive

Positive hold security by way of a Debenture, incorporating Fixed and Floating Charges over the Company's assets, created on 8 January 2018. Positive provided an Invoice Finance Facility to the Company.

At the date of our appointment, the Company held a gross funded ledger totalling £560,958. A sum of £474,277 was due to Positive.

As part of the sale of business, the Purchaser was required to pay Positive, £474,277, being the equivalent of the debt. Positive have therefore been repaid in full following the sale of business.

9.3 HNW Lending Limited ("HNW")

HNW have registered a legal charge against the Company created on 22 September 2017. The Charge is secured against property owned by the director personally.

We are aware that HNW loaned monies to the Company under a loan agreement. On our appointment, HNW were owed £105,000. A debenture was entered into between the Company and HNW however this was not registered at Companies House within the required 21 day timescale, therefore the Debenture security is invalid.

In addition, the Director provided a personal guarantee, secured against his property. This document appears to have been filed at Companies House incorrectly.

Given that the charge is secured against property not owned by the Company, and in any case is invalid by virtue of not being registered within 21 days, any sums due to HNW will rank as an unsecured claim in the Administration.

9.4 Preferential Claims

The only categories of claims which have preferential status are those of employees in respect of wages (up to £800), accrued holiday pay and certain pension contributions.

Following the sale of business, all 13 employees of the Company transferred to the Purchaser under TUPE regulations. The Joint Administrators do not anticipate any preferential claims in the Administration.

9.5 Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a prescribed part of the company's net property available to the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

As the floating charge creditor, Positive, has been repaid in full following the sale of business, there is no requirement to set aside a prescribed part in this case.

9.6 Unsecured Non-Preferential Claims

From April 2017, the Joint Administrators have had the discretion to admit claims from creditors with claims under £1,000 without receiving a proof of debt. The Joint Administrators confirm that, to date, no claims have been admitted under the small claims provisions.

At present, it is considered unlikely that a Liquidator will be appointed for the purpose of enabling a distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the *proof of debt form* attached at Appendix H. The claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

10 MATTERS STILL TO BE DEALT WITH

10.1 Matters still to be dealt with before conclusion of the Administration include the following:

- The realisation of the remaining assets, as detailed in sections 4 and 5;
- The surrender of the lease of the Company's trading premises;
- Review with regards to the Company's pension scheme; and
- The unpaid remuneration and expenses will need to be defrayed.

11 EXTENSIONS TO THE ADMINISTRATION

11.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.

11.2 In certain circumstances it may be necessary to extend the administrators' term of office. In the context of this case, this may be done for a specified period not exceeding twelve months with the consent of each secured creditor of the Company.

11.3 The secured creditor will be contacted in due course should an extension be required.

11.4 The Joint Administrators will be discharged from liability immediately upon their appointment as Administrators ceasing to have effect.

12 NEXT REPORT

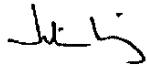
12.1 The Joint Administrators are required to provide a progress report which must be delivered within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

13 DATA PROTECTION

- 13.1 Finally, when submitting details of your claim in the administration, you may disclose personal data to the Joint Administrators. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. The Joint Administrators act as Data Controllers in respect of personal data they obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data they process. The Joint Administrators' privacy notice, which is attached to this report at Appendix I, explains how they process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

If you wish to discuss the issues raised in this report or require any additional information, please contact this office.

Yours faithfully
for and on behalf of
DGOS LIMITED



JULIEN IRVING
JOINT ADMINISTRATOR

Julien Irving and Andrew Poxon are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 13092 and 8620, respectively

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

SUMMARY OF JOINT ADMINISTRATORS' APPROVED PROPOSALS

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Julien Irving and/or Andrew Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Julien Irving and/or Andrew Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

**SUMMARY OF POSITIVE'S RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM
31 AUGUST 2018 TO 28 FEBRUARY 2019**

	Statement of Affairs	Received / Paid by Positive
	£	£
RECEIPTS		
Assets Specifically Pledged		
Factored Book Debts	474,277.00	474,277.61
Less: Positive	(474,277.00)	(474,277.61)
Surplus/ (Deficit) as regards Positive	-	-

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM
31 AUGUST 2018 TO 28 FEBRUARY 2019**

	Statement of Affairs	Received / Paid by Joint Administrators
	£	£
RECEIPTS		
Goodwill	37,500.00	10,956.32
Assigned Book Debts	35,000.00	10,225.91
Office Fixtures & Fittings and IT Equipment	2,500.00	730.41
Warehouse Equipment	5,500.00	1,417.19
Stock and Work in Progress	2,500.00	920.17
Directors Loan Account	n/k	-
Licence Fee	-	6,327.93
VAT reclaimable on Invoice Finance Fees	-	11,232.62
Interest	-	11.22
	83,000.00	41,821.77
PAYMENTS		
Pre Appointment Administrators Fees		(10,000.00)
Pre Appointment Legal Fees		(10,068.00)
Category 1 Disbursements		(357.02)
Bank Interest and Charges		(22.50)
Rent		(4,218.76)
		(24,666.28)
BALANCE IN HAND		17,155.49

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD
FROM 31 AUGUST 2018 TO 28 FEBRUARY 2019

	Total Units	Cost £	Average Hourly Rate £
Statutory & Review	249	7,908.00	317.59
Receipts & Payments	70	1,871.50	267.36
Insurance	7	255.50	365.00
Assets	217	6,939.00	319.77
Liabilities	545	17,918.50	328.78
Landlords	49	1,741.50	355.41
Debenture Holder	25	1,082.50	433.00
General Administration	88	2,812.00	319.55
Appointment	91	2,759.00	303.19
Post Appointment Creds Decisions	170	4,035.00	237.35
Investigations	47	1,173.00	249.57
Legal Services - Preparation	38	960.00	252.63
Legal Services - Drafting docs	10	150.00	150.00
Total	1,606	49,605.50	308.88

All Units are 6 minutes

DESCRIPTION OF TIME SPENT BY CATEGORY

Statutory & Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work does not directly result in any monetary value for creditors, it ensures that the case has been managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work carried out under this category has comprised the following:

- Case management reviews – Case reviews have been carried out periodically to ensure that the case is progressing as planned. A month 1 review has been completed by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. Any action points identified have been followed up accordingly;
- Preparatory work regarding the Statement of Affairs;
- Handover reviews where work has been allocated to different staff members; and
- Reviews of work carried out by more junior members of staff to ensure the quality of work and adherence to standards, legislation and best practice.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly. Work charged to this category has included:

- Opening of the case's bank account;
- Timely completion of all post appointment tax and VAT returns;
- Managing estate expenses; and
- Producing and updating the Estimated Outcome Statement.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Calculation and request of Joint Administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors; and
- Discussions with insurance agents regarding protecting the assets of the Company.

Assets

- Time has been spent with regards to the Directors' Loan Account. We have gathered together various evidence, and instructed an accountant to prepare a full reconciliation of the position;
- Reviewing the company's bank accounts with regards to confirming which monies belong to which parties; and
- The collection of the deferred sums due for the sale of business. This has required regular correspondence with the Purchaser, including a physical meeting with a member of its management team.

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Liabilities

This category of time includes both statutory and non-statutory matters.

Statutory

- Processing and reviewing the claims from the Company's creditors;
- Producing and issuing the SIP 16 Statement following the pre-packaged sale of the business; and
- Preparation of the Joint Administrators Proposals.

Non-statutory

- Dealing with enquiries from the Company's creditors.

Landlords

- Reviewing the Company's leases in respect of Company premises;
- Dealing with issues arising from the Licence to Occupy; and
- Liaising with the landlord of the premises.

Debenture Holder

The Joint Administrators have been in correspondence with the debenture holder to provide case updates in relation to the Administration.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters;
- Setting up and maintaining the administrators' records;
- Reviewing bank statements with regards to amounts paid into the incorrect account;
- Dealing with general correspondence and communicating with directors and shareholders; and
- Filing.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake throughout the ongoing administration process. Other tasks have been completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date that are both statutory and non-statutory include the following:

- Statutory notifications and letters to all known creditors and other interested parties following the Joint Administrators' appointment including the Joint Administrators proposals;
- Preparation of the case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

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Post Appointment Creditors' Decisions

Agreeing and reporting on our proposals and fee basis is a statutory requirement. Work completed to date includes the following:

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the Administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with the Rules;
- Liaising with the Secured Creditor to agree Fees Estimate and other resolutions; and
- Reporting on outcome of voting and deemed approval of proposals.

Investigations

Time has been spent conducting initial investigations into the Company's affairs and records to identify the possibility of further realisations and enable the submission of returns due under the Company Directors Disqualification Act 1986. This has included, but is not limited, reviewing the Company's records and the Company's bank account statements.

Legal Services

Use of Leonard Curtis' in-house legal team is considered to be substantially more cost effective than seeking external legal advice. Time has been recorded by the legal team with regards to the following:

Preparation – Time has been spent preparing a novation agreement.

Drafting Documents – Time has also been charged to this category regarding the novation agreement.

SUMMARY OF JOINT ADMINISTRATORS' TOTAL TIME COSTS TO DATE
INCORPORATING A COMPARISON WITH THE JOINT ADMINISTRATORS' APPROVED FEE ESTIMATE

	FEES ESTIMATE			INCURRED TO 28 FEBRUARY 2019			VARIANCE
	Total			Total			
	Units	Cost	Average hourly rate	Units	Cost	Average hourly rate	
	No	£	£	No	£	£	
Statutory & Review	209	6,486.50	310.36	249	7,908.00	317.59	
Receipts & Payments	109	2,779.50	255.00	70	1,871.50	267.36	
Insurance	24	713.00	297.08	7	255.50	365.00	
Assets	374	14,176.50	379.05	217	6,939.00	319.77	
Liabilities	368	11,168.50	303.49	545	17,918.50	328.78	
Landlords	83.00	3,034.00	365.54	49.00	1,741.50	355.41	
Debenture Holder	50	1,661.50	332.30	25	1,082.50	433.00	
General Administration	127	3,601.00	283.54	88	2,812.00	319.55	
Appointment	101	2,993.50	296.39	91	2,759.00	303.19	
Planning & Strategy	42.00	1,499.50	357.02	-	-	-	
Post Appointment Creds Mtngs	151	4,944.00	327.42	170	4,035.00	237.35	
Investigations	112	3,707.50	331.03	47	1,173.00	249.57	
Case Specific	50	1,830.00	366.00	-	-	-	
Legal Services - Preparation	-	-	-	38	960.00	252.63	
Legal Services - Drafting Documents	-	-	-	10	150.00	150.00	
	1,800	58,595.00	325.53	1,606	49,605.50	308.88	
						(8,989.50)	

**SUMMARY OF JOINT ADMINISTRATORS' EXPENSES
FROM 31 AUGUST 2018 TO 28 FEBRUARY 2019
INCORPORATING A COMPARISON OF THE JOINT ADMINISTRATORS'
STATEMENT OF LIKELY EXPENSES**

Standard Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to 28 February 2019 £	Amount Paid £	Amount Unpaid £
Client Identification Checks	Business Tax Centre	Electronic client verification	5.00	10.00	10.00	-
Bond Fee	AUA Insolvency Risk Services	Insurance bond	260.00	260.00	260.00	-
Document Hosting	Pelstar Computing	Hosting of documents for creditors	84.00	42.00	42.00	-
Software Licence Fee	Pelstar Computing	Case management system licence fee	87.00	87.00	87.00	-
Statutory Advertising	Courts Advertising	Advertising	92.95	83.02	83.02	-
Storage Costs	-	Storage of books and records	250.00	-	-	-
		Total standard expenses	778.95	482.02	482.02	-

Case Specific Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to 28 February 2019 £	Amount Paid £	Amount Unpaid £
Agents' Fees	Charles Taylor	Collection of books and records	1,500.00	-	-	-
Agents' Fees	CAPA	Investigating refund from the local authority in respect of non-domestic rates refund	25% of any refund	-	-	-
Accountancy Fees	Harold Sharp	Statement of Affairs Assistance, review of Directors Loan Account and tax work	7,500.00	-	-	-
Legal Fees	Farleys Solicitors	General legal advice	2,500.00	-	-	-
		Total case specific expenses	11,500.00	-	-	-

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard £
Director	450
Senior Manager	410
Manager 1	365
Manager 2	320
Administrator 1	260
Administrator 2	230
Administrator 3	210
Administrator 4	150
Support	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
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DGOS LIMITED – IN ADMINISTRATION

AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual																								
Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting	Hosting of documents for creditors/shareholders	<table border="1"> <thead> <tr> <th>Type</th><th>First 100</th><th>Every addtl 10</th></tr> </thead> <tbody> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td colspan="2">£10 p.a. or £25 for life of case</td></tr> </tbody> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00																								
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£83.02 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured	Preferential	Unsecured
	£'000	£'000	£'000
Amount estimated available to class of creditor	474	Nil	Nil
Amount due to creditor per Appendix B	(474)	Nil	(518)
Estimated dividend rate (as a %)	100%	0%	0%

Proof of Debt – General Form
Relevant date: 31 August 2018

Name of Company in Administration:

DGOS Limited

Company registered number:

07874572

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

--

8. Details of any document by reference to which the debt relates

--

9. Signature of creditor (or person authorised to act on the creditor's behalf)

--

10. Date of signing:

--

11. Address of person signing (if different from 2 above)

--

12. Name in BLOCK LETTERS

--

13. Position with, or relation to, creditor

--

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the *chairman or convenor of any qualifying decision procedure*.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.

PRIVACY NOTICE

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

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If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, Level 5, The Grove, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS