

CVA3

Notice of supervisor's progress report in voluntary arrangement



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 6 7 1 0 8 8 4

Company name in full Diligence Security Solutions Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Supervisor's name

Full forename(s) Stephen

Surname Katz

3 Supervisor's address

Building name/number 26 - 28 Bedford Row

Street

Post town London

County/Region

Postcode W C 1 R 4 H E

Country

4 Supervisor's name^①

Full forename(s)

Surname

① Other supervisor

Use this section to tell us about
another supervisor.

5 Supervisor's address^②

Building name/number

Street

Post town

County/Region

Postcode


Country

② Other supervisor

Use this section to tell us about
another supervisor.

CVA3

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6	Date of voluntary arrangement															
Date	^d	1	^d	8	^m	1	^m	2	^y	2	^y	0	^y	1	^y	8
7	Period of progress report															
Date from	^d	1	^d	8	^m	1	^m	2	^y	2	^y	0	^y	1	^y	9
Date to	^d	1	^d	7	^m	1	^m	2	^y	2	^y	0	^y	2	^y	0
8	Progress report															
<input checked="" type="checkbox"/> I attach a copy of the progress report																
9	Sign and date															
Supervisor's signature	Signature X  X															
Signature date	^d	1	^d	5	^m	0	^m	2	^y	2	^y	0	^y	2	^y	1

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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 Robert Mitchell

Company name David Rubin & Partners

Address

26 - 28 Bedford Row

Post town London

County/Region

Postcode

W C 1 R 4 H E

Country

DX London/Chancery Lane

Telephone 020 7400 7900



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 and dated 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

IN THE HIGH COURT OF JUSTICE

NO 010345 OF 2018

IN THE MATTER OF

DILIGENCE SECURITY SOLUTIONS LIMITED
COMPANY VOLUNTARY ARRANGEMENT

AND

THE INSOLVENCY ACT 1986

THE SUPERVISOR'S SECOND ANNUAL PROGRESS REPORT
PURSUANT TO RULE 2.41 OF
THE INSOLVENCY (ENGLAND AND WALES) RULES 2016
FOR THE YEAR ENDED 17 DECEMBER 2020

DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY ARRANGEMENT

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- A Cumulative Receipts and Payments Account from 18 December 2018 to 17 December 2020
- B Time Analysis for the period 18 December 2019 to 17 December 2020
- B Cumulative Time Analysis for the period 18 December 2018 to 17 December 2020

DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY ARRANGEMENT

(a) Introduction

Creditors will recall that I was appointed Supervisor of Diligence Security Solutions Limited (the Company)'s CVA, on 18 December 2018. By way of reminder, the CVA provided in the main for contributions of £3,000 for a period of 60 months which was estimated to provide for the payments of dividends totalling approximately 70p in the £ to creditors.

This report now provides an update on the progress in the CVA in accordance with R2.41 of the Insolvency (England & Wales) Rules 2016.

(b) Statutory Information

Company name: Diligence Security Solutions Limited
Registered office: 107 Bell Street, London, NW1 6TL
Company number: 06710884
Trading address: TIH, 80 Wood Lane, London, W12 0BZ

(c) Supervisor's names and address:

I, Stephen Katz of David Rubin & Partners, 26 - 28 Bedford Row, London, WC1R 4HE, was appointed Supervisor.

(d) Details of progress for the period under review:

This report provides an update on the progress in the CVA in accordance with R2.41 of the Insolvency (England & Wales) Rules 2016. At Appendix A, I have provided an account of my Receipts and Payments for the year ended 17 December 2020.

Also, attached at Appendix A is a cumulative Receipts and Payments account for the period from 18 December 2018 to 17 December 2020.

1. Receipts

1.1 Contributions

The basis of the Arrangement was that the Company would make monthly contributions of £3,000 for a period of 60 months. The Company paid its first contribution one calendar month after the date on which creditors approved the arrangement, being the time when the Arrangement became unconditional. Contributions received during the year were £36,000, giving a cumulative total contributions received since the inception of the Arrangement of £69,000.

1.2 Bank Interest Gross

Interest earned on the funds in hand amounts to £12.39 of which £7.24 was received during the year under review.

1.3 Annual Review of Profitability

The terms of the CVA require that upon the anniversary of the commencement of the CVA the Supervisor reviews the Company's management accounts for the 12 month period since commencement in order to establish whether the Company is able to offer increased contributions. Any such increase in contributions would be set at 50 per cent of any net profit after provision for tax.

A review of the Company's management accounts for the period ended 17 December 2019 showed an initial loss of c. £10,303 for the period.

I have also been provided with signed statutory accounts for the 12-month period ended September 30 September 2019, which have been filed at Companies House.

Whilst it is noted from these statutory accounts that the Company's balance sheet showed a loss for the financial year of £51,051, it is noted that this figure includes depreciation during the period of £11,984, together with a creditor accrual of £45,567, which had not been within the accounts for the previous year 30 September 2018.

Clause 12 of the Chairman's Report states that where the total value of creditor's claims increases by 10% or more of the stated value of their affairs supplied by the Company, this will constitute a breach of the Arrangement. As such, I will ascertain from creditors how they wish to proceed in the context of the Arrangement.

Therefore, without the exceptional items listed above, the Company would have made a profit of c. £6,500 for the period to 30 September 2019.

Based on the above, and in accordance with the terms of the approved Proposal, there will be no increase in the level of CVA contributions required at this stage, and this will be further reviewed once the accounts for the period to 30 September 2020 become available.

A further update in this regard will be provided to creditors with my next progress report.

2. Payments

2.1 Specific bond

The specific bond is the cost of insurance, based on the level of realisations by the Supervisor, as required by the Insolvency Practitioners Regulations 2005. The sum of £316.80 has been paid in this regard.

2.2 Supervisor's Fees

The sum of £3,700 has been drawn during the year under review as Supervisor's remuneration. This is further explained at section (e) below.

2.3 Unrecoverable VAT

The sum of £18.90 has been paid in relation to the publishing of statutory advertising in the London Gazette, as mentioned in the below paragraph.

DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY ARRANGEMENT

2.4 Statutory Advertising

The sum of £94.50 plus VAT represents the costs for the publishing of statutory advertising in the London Gazette.

2.5 Statutory Costs

These costs relate to filing the proposals in court. The sum of £50 has been paid in this regard.

2.6 Trade & Expense Creditors

The sum of £4,052.67 has been paid to a former subcontractor of the Company as a first interim distribution. This is further explained at section (f)(ii) below.

2.7 H.M. Revenue & Customs

The sum of £24,269.23 has been paid to H.M. Revenue & Customs as a first interim distribution. This is further explained at section (f)(ii) below.

(e) Supervisor's Remuneration

1.1 Basis of remuneration

The Directors' proposal set out the basis of my remuneration by reference to the time properly spent by my staff and myself in attending to matters arising in the Arrangement. This basis was approved by creditors without modification.

1.2 Charge-out rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was set out in the proposal. There has not been any material increase in the rates during this appointment. Our current hourly chargeout rates exclusive of VAT, which are charged in units of 6 minutes, are as follows:-

	£
Senior / Managing Partners	550
Partners/Office holders	495
Managers / Senior Managers	350 – 395
Senior Administrators	220 – 295
Administrators	160 – 200
Cashiers and Assistants	150 – 295
Supports	120 – 150

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.

1.3 Staff allocation and the use of subcontractors

Our general approach to resourcing our 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.

1.4 *A Guide to Supervisors' remuneration*

To view an explanatory note concerning Supervisors' remuneration approved 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: D1006@drco.co.uk

PASSWORD: 6001Drm*!

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

1.5 *Supervisor's Time Costs*

My time costs for the year under review are £18,163. This represents 65.5 hours at an average rate of £277.30 per hour. I attach at Appendix A, a Time Analysis which provides details of the activity during the year, analysed by staff grade.

My time costs for the year under review are higher than those I initially expected for the second year of the Arrangement, this is mainly down to me and my staff spending more time than anticipated dealing with the adjudication of creditor claims.

A significant proportion of these additional costs related to the adjudication of the claim received from a former subcontractor of the Company, which is further explained at section (f)(ii) of this report below.

I have also reviewed my cumulative time costs for the period since my appointment on 18 December 2018 to 17 December 2020 and would report that my total time costs are £26,867 for 98.1 hours, which equates to an average cost of £273.87 per hour. A breakdown of my time charges is also set out in Appendix A.

To date £10,700 has been paid on account of these time costs, of which £3,700 has been drawn during the period under review, and which is in line with my anticipated costs as estimated within the approved Proposal.

Creditors will recall that the approved modifications to the Proposal included reference to my remuneration as Supervisor being capped at a maximum of £24,000 to be drawn over the course of the Arrangement. Given the costs incurred to date, it is likely that I will be required to engage with creditors in due course with a revised fee estimate in order to seek approval to an uplift in respect of my agreed remuneration.

DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY ARRANGEMENT

Included in the work undertaken by me and my staff is the following:-

- a) Dealing with creditor queries, agreeing all creditor claims and paying a first interim distribution to the creditors;
- b) Correspondence with the Directors regarding contributions and compliance with the Arrangement generally;
- c) Monitoring the receipt of the monthly contributions from the Company;
- d) Reviewing annual management and statutory accounts and liaising with the Company's accountants in order to establish any appropriate increase in the level of contributions in accordance with the terms of the Proposal;
- e) Correspondence with the Voluntary Arrangements Service and the technical department of the HM Revenue & Customs;
- f) Preparing and circulating annual reports to creditors and filing the same at Companies House.

The following matters will continue to be dealt with prior to the case being moved to closure:

Statutory Matters

- Complying with the requirements of the Insolvency Act and Insolvency Rules.
- Preparation of information for annual progress reports to creditors including detailed costs and expenses review and analysis.
- Final Progress Report to creditors.

Non-statutory Matters

- Payments of interim dividends to unsecured creditors.
- Case closure review.

The statutory matters and closing review are unavoidable processes of any insolvency procedure.

(f) Creditors and Distribution

(i) Preferential creditors

There are no preferential creditor claims which are under the Arrangement.

(ii) Unsecured creditors

The statement of affairs disclosed that there was one creditor, being HMRC, with total anticipated liabilities of £218,000 owed to them by the Company.

To date, I have received and agreed the claims of two unsecured creditors with claims totalling £318,443.21. This amount is primarily made up of HMRC's final claim in

DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY ARRANGEMENT

the sum of £272,876.21, which is significantly higher than their anticipated claim as shown in the Company's Statement of Affairs.

There has also been a claim received in the sum of £45,567 from a former subcontractor engaged by the Company, which had not been anticipated at the point that the Statement of Affairs was prepared. There were a number of difficulties encountered in reconciling this claim to the Company's records and as such required us to liaise with the directors and the Company's accountants to verify sums owed, where records permitted.

As referred to at section (d)(1.3) above, the total value of the creditors' claims received in the Arrangement exceeds by 10% or more the amounts shown in the Statement of Affairs included within the Proposal supplied by the Company and as a result there has been a breach of the modifications proposed by HMRC and incorporated into the approved Proposal.

It is noted that the final claim submitted by HMRC of £272,876.21 represents an increase of c.25% on the expected creditor claims and I therefore intend to write to creditors under separate cover to seek clarification on whether, in the circumstances, this modification can be disregarded within the overall context of the Arrangement.

During the period I have made a first interim distribution to creditors as detailed below:

	Date	p in the £	Amount distributed £
1st	01/05/2020	8.89	28,321.90
Total		<u>8.89</u>	<u>28,321.90</u>

2nd Interim Distribution

I am now in a position to make a second interim distribution to creditors in accordance with the terms of the approved Arrangement. I will therefore be writing to creditors shortly to formally declare a second interim dividend under separate cover.

(g) Retention by Supervisor

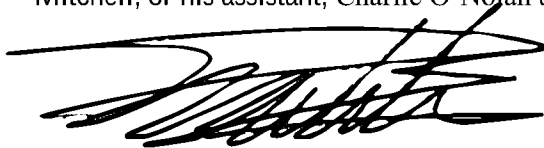
In accordance with the approved Proposal, I am required to retain sufficient funds to meet the costs of commencing winding-up proceedings against the Company in the event of the failure of the Arrangement. These retained funds will be released to creditors for distribution upon the successful completion of the Arrangement.

**DILIGENCE SECURITY SOLUTIONS LIMITED - COMPANY VOLUNTARY
ARRANGEMENT**

(h) Next Report

I am required to provide a further report on the progress of the Arrangement within two months of the end of the next anniversary of the Arrangement.

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 instant either my Manager, Robert Mitchell, or his assistant, Charlie O’Nolan at this office.

A handwritten signature in black ink, appearing to read 'Stephen Katz', with a stylized flourish at the end.

STEPHEN KATZ – SUPERVISOR

DATE: 15/2/2021

DILIGENCE SECURITY SOLUTIONS LIMITED - IN CREDITORS VOLUNTARY
ARRANGEMENT

SUPERVISOR'S RECEIPTS AND PAYMENTS ACCOUNT

FOR THE YEAR ENDED 17 DECEMBER 2020

	<u>Realised</u> <u>to-date</u> £	<u>Year Ended</u> <u>17/12/2020</u> £
<u>Receipts</u>		
Contributions	69,000.00	36,000.00
Bank Interest Gross	12.39	7.24
Third Party Funds	<u>1,880.00</u>	<u>-</u>
	<u>70,892.39</u>	<u>36,007.24</u>
<u>Payments</u>		
Specific Bond	316.80	316.80
Nominee's Fees	6,000.00	-
Supervisor's Fees	10,700.00	3,700.00
VAT	18.90	18.90
Statutory Advertising	94.50	94.50
Statutory Costs	50.00	50.00
Trade & Expense Creditors	4,052.67	4,052.67
H.M. Revenue & Customs	<u>24,269.23</u>	<u>24,269.23</u>
	<u>45,502.10</u>	<u>32,502.10</u>
<u>Receipts less Payments</u>	<u>25,390.29</u>	
Current Account	31,390.29	
Client Account	<u>6,000.00</u>	
	<u>25,390.29</u>	

DILIGENCE SECURITY SOLUTIONS LIMITED - IN COMPANY VOLUNTARY ARRANGEMENT							
SUPERVISOR'S TIME COSTS							
FOR THE PERIOD FROM 18 DECEMBER 2019 TO 17 DECEMBER 2020							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning	01:48	12:36	31:54	04:54	51:12	13,795.50	269.44
Investigations	00:00	00:00	02:00	00:00	02:00	590.00	295.00
Contributions	00:06	00:00	00:42	00:00	00:48	256.00	320.00
Creditors	01:18	02:06	08:06	00:00	11:30	3,521.50	306.22
Total hours and costs	03:12	14:42	42:42	04:54	65:30	18,163.00	277.30

SUPERVISOR'S CUMULATIVE TIME COSTS							
FOR THE PERIOD FROM 18 DECEMBER 2018 TO 17 DECEMBER 2020							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00:00	00:00	00:18	00:00	00:18	45.00	150.00
Statutory filings, circulars, notices, etc.	00:00	08:24	06:30	00:00	14:54	3,915.00	262.75
Case planning, strategy & control	00:00	01:18	13:00	00:00	14:18	3,637.50	254.37
Taxation: PAYE, C/Tax & VAT	00:00	01:36	01:42	00:00	03:18	887.50	268.94
Accounting & Cashiering	00:00	00:00	00:00	08:54	08:54	1,538.00	172.81
Case reviews & Diary maintenance	01:30	04:00	17:00	00:00	22:30	5,788.50	257.27
Statutory reporting and compliance	01:00	07:36	05:54	00:00	14:30	4,837.50	333.62
Investigations							
SIP2 assessment and financial review	00:00	00:00	02:00	00:00	02:00	590.00	295.00
Contributions and Other Receipts							
Contributions	00:00	02:54	00:24	00:00	03:18	1,133.00	343.33
Third Party Contributions	00:00	00:00	00:18	00:00	00:18	88.50	295.00
Correspondence with Company	00:48	00:18	00:00	00:00	01:06	501.00	455.45
Creditors							
Unsec'd Creditors: correspondence & claims	01:30	02:06	07:54	00:00	11:30	3,524.00	306.43
Preferential creditors & employees	00:00	00:30	00:42	00:00	01:12	381.50	317.92
Total hours and costs	04:48	28:42	55:42	08:54	98:06	26,867.00	273.87