

Administrator's progress report


Name of Company Caparo Engineering Limited	Company Number 03450375
In the High Court of Justice, Chancery Division, Birmingham District Registry (full name of court)	Court case number 8386 of 2015

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

Anthony Steven Barrell and David Matthew Hammond each of PricewaterhouseCoopers LLP,
Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT administrators of the above
company attach a progress report for the period

(b) Insert dates

from	to
(b) 19 April 2016	(b) 18 October 2016

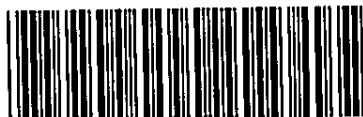
Signed 
Joint Administrator

Dated 17 November 2016

Contact Details

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

PricewaterhouseCoopers LLP	
7 More London Riverside London, SE1 2RT	
	Tel 020 7213 3362
DX Number	DX Exchange



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TUESDAY

Joint Administrators' progress
report from 19 April 2016 to 18
October 2016

***Caparo Engineering Limited
(in Administration)***

17 November 2016

High Court of Justice, Chancery Division, Birmingham
District Registry

Case no. 8386 of 2015

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report

Abbreviation or definition	Meaning
Company	Caparo Engineering Limited
Administrators	David Matthew Hammond, Anthony Steven Barrell and Robert Jonathan Hunt
Firm	PricewaterhouseCoopers LLP
Group	Caparo Industries Plc, Caparo Engineering Ltd, BACo Realisations Ltd (formerly Bridge Aluminium Ltd), Material Measurements Ltd, GW 957 Ltd, Caparo Steel Products Ltd, Caparo Precision Strip Ltd, Caparo Precision Tubes Ltd, Caparo Vehicle Products Ltd, Caparo Vehicle Technologies Ltd, Caparo Modular Systems Ltd, Caparo Atlas Fastenings Ltd, Caparo Tube Components Ltd, Caparo Tube Components 2 Ltd, Caparo Accles & Pollock Ltd and Caparo Advanced Composites Ltd, all of which entered Administration on 19 October 2015
Plc	Caparo Industries Plc – in Administration
CPS	Caparo Precision Strip Ltd – in Administration
IR86	Insolvency Rules 1986
IA86	Insolvency Act 1986
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
HMRC	Her Majesty's Revenue & Customs
Prescribed Part	The amount set aside for Unsecured Creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Secured Creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Secured Lenders	Barclays Bank Plc and Royal Bank of Scotland Plc
Pension Scheme	Caparo 1988 Pension Scheme
Preferential Creditors	Generally, creditors with claims for 1 unpaid wages for the whole or any part of the four months before 19 October 2015, 2 accrued holiday pay for any period before 19 October 2015, and 3. unpaid pension contributions in certain circumstances

BEIS	Department for Business, Energy and Industrial Strategy (formerly Department for Business, Innovation and Skills)
RPS	Redundancy Payments Service, an executive agency sponsored by DBEIS which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured Creditors	Creditors who are neither secured nor preferential
RoT	Retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
IDF	Invoice discounting facility
ARMS	Atlantic Risk Management Services
TSA	Transitional Services Agreement
CFEPB	Caparo Forging Europe Polish Branch

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the Administration of the Company in the six months since 19 April 2016

How much creditors may receive

The following table summarises the possible outcome for creditors* based on what we currently know

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured Creditors		
- Secured Lenders	100 p/£	100 p/£
- Pension Scheme**	100 p/£	100 p/£
- Caparo Plc	100 p/£	100 p/£
Preferential Creditors	100 p/£	100 p/£
Unsecured Creditors	Uncertain	Uncertain

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading*

*** This is only in respect to the Pension Scheme's reducible amount (which the Pension Scheme calculated to be £3.2m) secured across the Group and not in respect of its fixed charges over two Group properties (one held by Plc and one held by CPS). After the period covered by this report, the Pension Scheme appointed Harris Lamb as Fixed Charge Receivers over the two properties on 21 October 2016*

The Secured Lenders and the Pension Scheme have security across the Group's assets. The other Secured Creditor is Caparo Plc which has security relating to the Company's shares in Bomet SA, a 51% owned subsidiary of the Company based in Poland. Prior to the Administration, the Group entered into an IDF with the Secured Lenders. The relevant debts were being collected by the Secured Lenders' agent, ARMS, (as opposed to the Administrators) and subsequently by the respective purchasers and then by the Administrators (detailed below). The net funds received have reduced the amount the Group owes the Secured Lenders.

Following a successful period of trading and various sales of the businesses and assets across the Group, the Secured Lenders and the Pension Scheme's reducible amount were repaid in full.

The level of Preferential Creditors has significantly reduced as a result of the going concern sale of the business and the payment of arrears of wages and salaries as part of the trading costs. Based on current estimates, we anticipate that Preferential Creditors will be paid in full.

We still anticipate that there will be a distribution to the Unsecured Creditors.

Whilst we expect there to be a dividend payable to Unsecured Creditors, we are unable to quantify the potential range of outcomes at present. This will depend on a number of key factors, including:

1. The level of Unsecured Creditor claims that are admitted to participate in the dividend,
2. The level of future realisations, both in the Company and across the Group, and
3. The extent to which the Secured Creditors suffer shortfalls at an individual entity level across the Group and need to be paid from a surplus in the Company under the terms of guarantees it provided.

What you need to do

This report is for your information and you don't need to do anything in relation to it. However if you wish to submit a claim in the Administration and haven't already done so, please complete and return the statement of claim form on our website at www.pwc.co.uk/caparo-cel

Progress of the Administration

Background

You'll remember from our previous report that the Group was a diversified industrial group with headquarters in the Midlands and London. If you wish to review further information on the background of the Group and the Company, please see our previous report and proposals, available on our website

Sale of the business and asset realisations

Following the sale of certain of the Company's business and assets, the TSA relating to the sale was completed on 30 April 2016, which involved managing a number of IT issues including our data protection duties. 12 IT staff and one payroll staff were retained by the Group to help complete this with all transferring to the purchaser with effect from 1 May 2016.

We have been liaising with the lawyers and our colleagues in Poland regarding the orderly close down of CFEPB, and it has been advised that a liquidation of the branch would be the most suitable outcome. There are a number of accounting records, which need finalising before the formal commencement of the liquidation can begin, and we're in the process of agreeing with our Polish colleagues on the work required with this. The funds of CFEPB are currently held in Polish bank accounts and we are in discussions with the Polish bank to repatriate the funds.

Following the sales of businesses, the apportionment agreements were finalised with the purchasers on balances owed to the Administration for various costs incurred prior to sale completion.

Book debts

The Group's pre-Administration book debts were charged to the Secured Lenders via the IDF. In the period, the IDF was repaid in full. A number of reconciliations of the Group's numerous bank accounts and ledgers has been completed to correctly allocate book debt recoveries between pre appointment sales, post appointment sales and those relating to sales made by the purchasers of Group businesses.

We have also undertaken active management of the Group's post Administration book debt collection resulting in the recovery of 96% of the total debtors of £25m.

Post repayment of the IDF facility the pre appointment ledgers were re-assigned back to the Group on 21 July 2016. The surplus on the Company's ledger as at that date of £2.7m, which is net of any associated collection costs (excluding commission charges due to purchasers of the business, which we will discharge) and termination fees, was transferred to the Administrators' bank account.

Since the ledger has been re-assigned we have collected further book debts of £125k in the period.

Trading

Our trading outcome to 18 October 2016 is set out in the receipts and payments account in Appendix A. The total estimated trading costs include a number of provisions which are still to be finalised, including Head Office costs. Once the Head Office trading costs are finalised, they will be recharged to the Group companies on an appropriate basis. It was imperative that the Head Office function was maintained in order to operate the Group's systems, payroll and other central functions. This was critical to optimising the outcome for creditors of the Company and of the other companies in the Group for a variety of reasons, including

- It significantly enhanced book debt realisations, by providing continuity of trade and mitigating the risk of non-payment from customers,
- It secured going concern premia for other asset classes, particularly plant and machinery and property, and

- Through the payment of arrears of wages, as part of our trading costs, and the achievement of a going concern sale, we have significantly reduced preferential creditor claims

Our net trading outcome should be considered in this context

The key trading activities completed during the period were generally managed on a Group wide basis due to the way the Group operated. In the main, these involved liaising with multiple suppliers to agree the final trading positions in relation to motor vehicles, mobile phones, utilities, non-domestic rates and general trading suppliers

Other trading matters we dealt with specifically in relation to the Company during the period included

- concluding matters with the five vehicle finance companies regarding final billing and recovering costs from purchasers, and
- seeking to agree final bills with utility suppliers, ensuring that meter readings and invoices reflect the dates that businesses were sold or closed

To comply with our requirements as Data Controllers, we identified relevant Group occupational health records and secured a long-term solution for storage and access

We now consider that we have extinguished the majority of our trading liabilities. If you believe you have any amounts outstanding in respect of signed purchases orders or commitments raised specifically during the Administration period however, please provide a copy of these outstanding invoices and an account statement for consideration using the contact details below

Email address: caparosuppliers@uk.pwc.com
Subject field: Outstanding PO commitment

Further work

There remain a number of matters which we continue to work on. These include

- Trading: settling any remaining trading accounts with suppliers and utility providers,
- Tax and VAT compliance: Completing the relevant returns and deregistering, and
- Statutory and compliance: Dealing with other compliance matters such as progress reports and correspondence with creditors

Further information in relation to the outstanding matters to be dealt with in the Administration is set out in Appendix C

Statutory

We wrote our first progress report, for the period to 18 April 2016, and subsequently made it available to creditors

In the period, we sought consent from secured, preferential and unsecured creditors to a 12 month extension to the period of the Administration to 18 October 2017, which was approved

In line with our statutory duties, we have undertaken investigations on activities of the Group prior to our appointment. Due to the confidential nature of this work, further detail has not been discussed in this report

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP

Removal of Administrator

After the period covered by this report, Robert Jonathan Hunt retired from the Firm, so an application was made to Court to facilitate his removal as Administrator

The application was granted and consequently Robert Jonathan Hunt was removed as Administrator with effect from 8 November 2016. A notice confirming this will be published in the London Gazette shortly.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments from 19 April 2016 to 18 October 2016.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an Administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees and other related matters.

Pre-Administration costs

As previously reported, costs incurred before our appointment with a view to the Company going into Administration were approved for payment by the secured, preferential and unsecured creditors. The costs attributable to the Company total £40k for our costs and £7k for legal costs and have been drawn in full.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 2.109 IR86. This information can also be found in the guide to fees at

http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/2015/guide_to_administrators_fees_oct_2015.ashx

You can also get a copy free of charge by telephoning our creditor helpline on 020 7213 3362.

Next steps

We expect to send our next report to creditors in about six months.

If you've got any questions, please get in touch by telephoning our creditor helpline on 020 7213 3362.

Yours faithfully

For and on behalf of the Company



AS Barrell
Joint Administrator

David Matthew Hammond and Anthony Steven Barrell were appointed as Joint Administrators of Caparo Engineering Limited on 19 October 2015 to manage its affairs, business and property as its agents and without personal liability. David Matthew Hammond, Anthony Steven Barrell and Robert Jonathan Hunt are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration.

Appendix A: Receipts and payments

As per Directors' Statement of Affairs		Receipts and payments account				
£		Notes	19/10/15 to 18/04/16 £	19/04/16 to 18/10/16 £	Total £	
1,440,000	Assets subject to a fixed charge					
906,000	Receipts					
	Freehold Land & Property		738,145	-	738,145	
	Plant & Machinery		432,074	-	432,074	
	Investments		50,000	-	50,000	
	Goodwill		904,552	-	904,552	
	Intangible Assets		1	-	1	
	Total receipts		2,124,772	-	2,124,772	
	Payments					
	Secured creditor distribution		-	2,006,625	2,006,625	
	Total payments		-	2,006,625	2,006,625	
	Cash in hand	2	2,124,772	(2,006,625)	118,147	
£	Assets subject to a floating charge					
1,306,000	Receipts					
730,000	Plant & Machinery		691,257	-	691,257	
	Stock		114,509	-	114,509	
	Bank debts		189,487	2,850,442	3,039,929	
	Motor vehicles		3	-	3	
	Fixtures & Fittings		1	-	1	
	Third party funds	3	133,962	(30,342)	103,620	
300,000	Other asset realisations		54,651	108	54,759	
	Net Trading position	1	1,064,499	(318,292)	746,207	
	Total receipts		2,248,369	2,501,916	4,750,285	
	Payments					
	Professional and legal fees		6,055	227,102	233,157	
	Pre-appointment fees & expenses		28,260	11,597	39,857	
	Office holders' fees		1,026,085	657,097	1,683,182	
	Statutory advertising		165	43	208	
	Total payments		1,060,565	895,839	1,956,404	
	Cash in hand	2	1,187,804	1,606,077	2,793,881	
Trading receipts and payments account						
			19/10/15 to 18/04/16 £	19/04/16 to 18/10/16 £	Total £	
	Receipts					
	Sales		2,357,030	257,182	2,614,212	
	Group Company funding	4	76,000	(156,000)	(80,000)	
	Other receipts		258,765	(213,440)	45,325	
	Interest		1,506	2,803	4,309	
	VAT		(18,770)	27,806	9,036	
	Total receipts		2,674,531	(81,649)	2,592,882	
	Payments					
	Wages and salaries		783,303	(78,230)	705,073	
	PAYE / NI and other employee costs		193,553	(11,685)	181,868	
	Trading costs		479,079	212,588	691,667	
	Utilities & Rates		93,428	64,316	157,744	
	Insurance		1,438	53,966	55,404	
	Rent		17,274	(6,348)	10,926	
	ROT / Duress		41,627	2,036	43,663	
	Taxation		330	-	330	
	Total payments		1,610,032	236,643	1,846,675	
	Net trading position		1,064,499	(318,292)	746,207	

Notes to receipts and payments account

1) The Company has made a net trading income so far

2) Funds held in interest bearing accounts

3) Receipts received which are still to be allocated/confirmed as being due to the Company

4) Trading of the Group has primarily been financed through a Group overdraft facility that we put in place immediately following our appointment. Whilst the overdraft facility was for the Group as a whole, the facility was practically only available to Plc, who provided funding, if required, to other Group companies. The £76,000 reflects a float to this Company, which has been repaid in the period along with a repayment made on behalf of another Group company, which will be recharged in due course

The Company includes Caparo Testing Technologies, a business which is also included within the reporting of another Group company. In reporting these trading figures, an element of receipts and payments has been allocated to the other Group company (Material Measurements Limited - in Administration), to allow for this. This allocation is based on an assumed amount and therefore this split will be finalised in due course.

In addition, some key Group-wide suppliers have been paid out of the overdraft facility of Caparo Industries plc (in Administration), and as such, a recharging exercise will need to be undertaken to properly reflect costs incurred by the Company.

Where a payment in the trading account in the period appears in brackets this reflects a reallocation of that cost to another of the Group companies.

An exercise to apportion our fees between fixed and floating charges is yet to be finalised. The fees taken in this company in isolation are subject to change.

Secured Creditor distributions have, to date, been paid from only a number of Group companies. Owing to the cross guarantees in favour of the secured lenders and pension scheme, an exercise to correctly allocate these distributions across all Group companies will be completed in due course.

The Company has made certain payments on behalf of some Group companies which are reflected in the receipts and payments account but not in the expenses statement. These costs will be reimbursed in due course.

Statement of Affairs

Freehold Land & Property assumptions within the Directors statement of affairs were based on an agent's valuation undertaken in June 2015. Due to the impact of an insolvency scenario, and potential environmental contamination and clean-up costs, actual realisations were lower.

In addition, the sale of these assets was part of a wider, Group-wide deal, and our conclusion was that the overall value for creditors was better than the uncertainty and increased risk of attempting to sell the assets piecemeal.

Appendix B: Expenses

What is an expense?

Expenses are defined in SIP9 as amounts properly payable by us as Administrators from the estate and includes our fees, but excludes distributions to creditors. These include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. They fall into two categories: Category 1 and Category 2.

Disbursement	SIP9 definition
Category 1	Payments to independent third parties where there is specific expenditure directly referable to the appointment in question
Category 2	Costs that are directly referable to the appointment in question but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis

Our Firm's disbursement policy allows for all properly incurred expenses to be recharged to the case. We don't need approval from creditors to draw Category 1 disbursements as these have all been provided by third parties, but we do need approval to draw Category 2 disbursements as these are for services provided by our Firm. The policies for payment of Category 2 disbursements have been approved as follows:

Photocopying	At 12 pence per sheet copied, only charged for circulars to creditors and other bulk copying
Mileage	At a maximum of 71 pence per mile (engine size up to 2,000cc) or 93 pence per mile (engine size over 2,000cc)

Our expenses statement and estimate

The following table shows expenses incurred to date and an estimate of further expenses we consider will be (or are likely to be) incurred

The estimate excludes any future tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period

<i>Nature of expenses</i>	<i>Incurred to date (£)</i>	<i>Estimate of future expenses (£)</i>	<i>Total estimated expenses (£)</i>	<i>Initial estimate (£)</i>	<i>Variance (£)</i>
Trading expenses					
Wages & salaries	731,503	-	731,503	708,828	(22,675)
PAYE / NI and other employee costs	230,166	-	230,166	268,280	38,114
Trading cost	655,606	-	655,606	791,673	136,067
Utilities & Rates	207,158	-	207,158	365,885	158,727
Insurance	107,345	-	107,345	154,850	47,505
Rent	20,941	-	20,941	60,319	39,378
ROT /Duress payments	59,665	-	59,665	23,803	(35,862)
Taxation	330	-	330	-	(330)
Bank charges	-	-	-	1,764	1,764
Total Trading Expense	2,012,714	-	2,012,714	2,375,402	362,688
Other expenses					
Professional and legal fees and expenses	240,157	120,000	360,157	161,527	(198,630)
Office holders costs	2,305,846	124,647	2,430,493	2,520,778	90,285
Office holders disbursements	58,011	-	58,011	56,372	(1,639)
Pre-administration costs	39,857	-	39,857	46,902	7,045
Statutory advertising	207	-	207	96	(111)
Total other expenses	2,644,078	244,647	2,888,725	2,785,675	(103,050)
Total expenses (Excluding VAT)	4,656,792	244,647	4,901,439	5,161,077	259,638

Note Professional and legal fees and expenses include costs of dealing with the liquidation of CFEPB, which includes costs payable to PwC Poland

Note If trade or other expenses incurred to date appear lower than previously reported, this reflects an agreed reduction to what we previously expected or thought had been incurred based upon what we knew at that time

Appendix C: Remuneration update

Our fees were approved on a time cost basis by the secured, preferential and unsecured creditors at the meeting by correspondence on 22 March 2016 To 18 October 2016, we have drawn fees in line with the approval given, as shown on the receipts and payments account at Appendix A

The time cost charges incurred in the period from 1 April 2016 to 30 September 2016 are shown below and do not necessarily reflect how much we will eventually draw as fees for this period

We set out later in this Appendix details of our work to date, anticipated future work, subcontracted work (if any) and payments to associates

Our hours and average rates

Category of Work	Period 01/04/16 to 30/09/16			Cumulative 19/10/15 to 30/09/16		Initial Fees Estimate (£)	Variance (£)	Estimated Future Time Cost (£)	Estimated Total Time Costs (£)
	Hours incurred	Time costs incurred (£)	Average hourly rate (£/hour)	Hours incurred	Time costs incurred (£)				
Asset realisations									
Sale of Business	15	4,254	292	852	354,181	339,987	(14,194)	-	354,181
Property	7	2,408	325	76	26,861	19,679	(7,182)	-	26,861
Debtors	140	47,517	340	198	67,293	31,296	(35,997)	20,000	87,293
Chattel Assets	-	-	-	24	9,125	8,861	(264)	-	9,125
Asset realisations - Total	162	54,179	335	1150	457,460	399,823	(57,637)	20,000	477,460
Creditors	82	25,996	225	336	81,277	134,775	53,498	10,000	91,277
Employees and Pensions	50	11,369	294	459	130,209	131,857	1,648	10,000	140,209
Trading									
Trading management	80	26,935	339	2,813	956,390	953,169	(3,221)	15,000	971,390
Accounting and treasury	133	30,599	230	713	162,213	120,624	(41,589)	10,000	172,213
Retention of Title	3	762	304	186	56,381	55,221	(1,160)	1,000	57,381
Trading - Total	216	58,296	271	3,712	1,174,984	1,129,014	(45,970)	26,000	1,200,984
Investigations	35	13,299	382	38	14,835	75,000	60,165	5,000	19,835
Statutory and compliance	99	35,670	361	543	186,858	370,847	183,989	30,000	216,858
Tax and VAT	63	22,310	353	182	91,266	101,858	10,592	15,000	106,266
Project management, strategy and Administration	107	35,871	334	491	168,957	177,604	8,647	8,647	177,604
Total	814	256,990	316	6,911	2,305,846	2,520,778	214,932	124,647	2,430,493

Note Hours and costs have been rounded to the nearest whole number

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the Administration We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done Anything complex, or important matters of exceptional responsibility, are handled by our senior staff or us

All of our staff who work on the Administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged Each grade of staff has an hourly charge out rate which is reviewed from time to time For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time basis and isn't included in the hourly rates charged by partners or other staff members Time is charged in six minute units The minimum time chargeable is three minutes (i.e. 0.05 units) We don't charge general or overhead costs

We set out below the charge-out rates per hour for the grades of our staff who already or who are likely to work on the Administration

Grade	Rate per hour Up to 30 June 2016 (£)	Rate per hour From 1 July 2016 (£)
Partner	590 – 825	600 – 840
Director	490 – 725	500 – 740
Senior manager	425 – 550	435 – 560
Manager	340 – 470	345 – 480
Senior associate	185 – 390	190 – 400
Associate	165 – 245	170 – 250
Support staff	87 – 123	89 – 125

Specialist departments within our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour

Grade	Specialist maximum rate per hour Up to 30 June 2016 (£)	Specialist maximum rate per hour From 1 July 2016 (£)
Partner	1,190	1,250
Director	1,115	1,175
Senior manager	1,110	1,170
Manager	665	700
Senior associate	490	515
Associate	240	255
Support staff	140	150

In common with all professional firms, our scale rates may rise from time to time over the period of the Administration (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to creditors in our next statutory report.

Our work in the period and work we propose to undertake

The following table provides details of the work we propose to do (indicated by →), have already done (✓) or which is in progress (□) It provides a brief summary for each category rather than an exhaustive list of all possible tasks The fees estimate for each category is also shown, together with costs incurred to 30 September 2016

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	Sale of business	<ul style="list-style-type: none"> Preparing an information memorandum ✓ Lausing with purchasers and solicitors ✓ Holding internal meetings to discuss/review offers received ✓ Negotiation of offers with different parties and completion of sale ✓ 	<ul style="list-style-type: none"> To achieve a better realisation for creditors than if the Company had gone into liquidation (without first being in Administration) 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
	Property	<ul style="list-style-type: none"> Carrying out title searches and securing relevant property records ✓ Securing possession of property ✓ Lausing with valuers, agents and landlords ✓ 	<ul style="list-style-type: none"> To identify property assets, details of ownership and charges To protect property assets Ensure best value achieved and maintain property value To mitigate potential unsecured claims 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole Minimise possible unsecured claims
Stock		<ul style="list-style-type: none"> Conducting stock takes ✓ Reviewing stock values ✓ Lausing with purchasers ✓ 	<ul style="list-style-type: none"> To identify what stock and work in progress is held and the associated estimated to realise values of these Seek possible purchasers to acquire stock 	<ul style="list-style-type: none"> Ensuring that stock recoveries are maximised for a proportional cost, for the benefit of creditors as a whole
	Other chattel assets	<ul style="list-style-type: none"> Lausing with valuers and interested parties ✓ Reviewing asset listings ✓ 	<ul style="list-style-type: none"> To allow office holder to understand the value of the assets and ensure an appropriate realisation strategy is used 	<ul style="list-style-type: none"> Maximise recoveries from chattel assets for the benefit of creditors as a whole
Retention of title claims		<ul style="list-style-type: none"> Arranging for the completion of retention of title claim forms ✓ Maintaining retention of title file ✓ Meeting claimants on site to identify goods ✓ Adjudicating retention of title claims ✓ Corresponding with claimants regarding outcome of adjudication ✓ 	<ul style="list-style-type: none"> To ensure that possible third party assets are identified and set aside To check validity of retention of title claims In order to make settlements with suppliers where stock used 	<ul style="list-style-type: none"> Maximise stock recoveries whilst minimising unsecured claims, for the benefit of creditors as a whole

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
		<ul style="list-style-type: none"> Negotiating potential settlements and making payments to satisfy valid claims ✓ 		
	Intangible assets	<ul style="list-style-type: none"> Carrying out tasks associated with realising such assets ✓ 	<ul style="list-style-type: none"> To understand the asset(s) and associated values To ensure an appropriate realisation strategy is effected 	<ul style="list-style-type: none"> Maximise recoveries from intangible assets for the benefit of creditors as a whole
	Insurance	<ul style="list-style-type: none"> Identifying potential issues requiring attention of insurance specialists ✓ Reviewing insurance policies ✓ Detailed discussions with insurer regarding initial and ongoing insurance requirements <input type="checkbox"/> Realising any value within policies ✓ 	<ul style="list-style-type: none"> To ensure that appropriate insurance cover is in place at appropriate levels To protect the estate from possible claims (such as public liability claims) So that recoveries can be made from pre-insolvency policies 	<ul style="list-style-type: none"> Mitigate the risk of any potential losses to creditors from damage to assets or from possible claims Realisations from pre-Administration policies
	Book debts	<ul style="list-style-type: none"> Reviewing and assessing debtor ledgers <input type="checkbox"/> Leaving with debt collectors and solicitors <input type="checkbox"/> Leaving with all former Caparo credit managers on collecting book debts <input type="checkbox"/> Chasing letters / legal letters sent out to all outstanding customers ✓ Finalising the transfer of the IDF accounts to the Administrators ✓ Reconciling the book debt transfers between pre-appointment, post-appointment trading sales and those post sale of the businesses ✓ Agreeing the commissions owed to the purchasers of the businesses, in line with the sale of business agreements <input type="checkbox"/> Dealing with ad-hoc queries and reconciliations <input type="checkbox"/> 	<ul style="list-style-type: none"> Ensure best value achieved and maintain property value To ensure an appropriate realisation strategy is effected 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
	Third party assets	<ul style="list-style-type: none"> Reviewing leasing documents ✓ Leaving with owners/lessors <input type="checkbox"/> Carrying out tasks associated with assigning / disclaiming leases <input type="checkbox"/> 	<ul style="list-style-type: none"> To enable third party owners to collect their assets and reduce their exposure for unpaid liabilities 	<ul style="list-style-type: none"> Mitigates potential claims against the Company as unsecured amounts or Administration expenses

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Creditors	Creditor enquiries	<ul style="list-style-type: none"> Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ Updating website with reports and information for creditors <input type="checkbox"/> Receiving and following up creditor enquiries via telephone, email and post <input type="checkbox"/> Reviewing and preparing correspondence to creditors and their representatives <input type="checkbox"/> Receiving and filing proofs of debt <input type="checkbox"/> Dealing with confirmation of debt forms and liaising with credit insurers <input type="checkbox"/> 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute Respond to queries from various stakeholders 	<ul style="list-style-type: none"> Required by IA86 or IR86 or a regulator requirement
	Secured Creditors	<ul style="list-style-type: none"> Notifying Secured Creditors of appointment ✓ Preparing reports to Secured creditor <input type="checkbox"/> Responding to Secured Creditors' queries <input type="checkbox"/> Making distributions in accordance with security entitlements ✓ Preparing monthly time costs reports for Pension Scheme <input type="checkbox"/> 	<ul style="list-style-type: none"> Stakeholder management Dealing with specific reporting requirements as necessary 	<ul style="list-style-type: none"> Required by IA86 or IR86 or a regulator requirement The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
	Preferential claims	<ul style="list-style-type: none"> Corresponding with employees regarding dividend prospects → Preparing, issuing and receiving employee preferential claim agreement forms → Corresponding with RPS regarding proof of debt → Calculating dividend rate and preparing dividend file → Advertising dividend notice → Preparing and paying distribution → Ensuring PAYE/NIC is deducted and remitted to HMRC → 	<ul style="list-style-type: none"> To facilitate the agreement of claims and distribution to preferential creditors in an expeditious manner To maintain the Company's books and records 	<ul style="list-style-type: none"> Required by IA86 or IR86 or a regulator requirement The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
	Unsecured claims	<ul style="list-style-type: none"> Dealing with proofs of debt for dividend purposes → Preparing correspondence to potential creditors inviting lodgement of proof of debt <input type="checkbox"/> Receiving proofs of debt and maintaining register <input type="checkbox"/> Adjudicating claims, including requesting further information from claimants → Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend → Advertising intention to declare dividend → Calculating dividend rate and preparing dividend file → Preparing correspondence to creditors announcing declaration of dividend → Preparing and paying distribution → 	<ul style="list-style-type: none"> To facilitate the agreement of claims and distribution to unsecured creditors in an expeditious manner To maintain the Company's books and records 	<ul style="list-style-type: none"> Required by IA86 or IR86 or a regulator requirement The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
	Shareholder enquiries	<ul style="list-style-type: none"> Responding to any shareholder queries <input type="checkbox"/> 	<ul style="list-style-type: none"> Shareholder management 	<ul style="list-style-type: none"> Required as a regulator requirement
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> Drafting, issuing and delivering initial communications and announcements ✓ Preparing letters to employees advising of their entitlements and options available ✓ Appointing employee representatives and holding regular meetings ✓ Receiving and following up employee enquiries via telephone, post and email <input type="checkbox"/> 	<ul style="list-style-type: none"> In order to consult with employees appropriately and provide information as may be required 	<ul style="list-style-type: none"> To mitigate possible claims against the insolvent estate In line with regulatory requirements
	Payroll	<ul style="list-style-type: none"> Reviewing employee files and Company's books and records ✓ Reviewing awards and payroll structure ✓ Calculating and paying periodic payroll ✓ 	<ul style="list-style-type: none"> Assess employee numbers and remuneration packages To allow accurate reporting and payment of payroll 	<ul style="list-style-type: none"> Regulatory requirements and duty to maintain proper books and records

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
		<ul style="list-style-type: none"> Deducting and paying over PAYE/NIC to HMRC and other deductions to relevant agencies and third parties ✓ 		
	Redundancy related work	<ul style="list-style-type: none"> Commencing / continuing a consultation process ✓ Selecting and making redundancies ✓ Lausing with the RPS and external agencies <input type="checkbox"/> 	<ul style="list-style-type: none"> In order to allow a fair and proper process to take place 	<ul style="list-style-type: none"> Consultation in line with legal and regulatory requirements
	Pensions	<ul style="list-style-type: none"> Reviewing insurance policies ✓ Issuing statutory notices ✓ Dealing with general pension scheme issues and the Pension Protection Fund <input type="checkbox"/> Calculating contributions and requesting payments to the relevant scheme or policy <input type="checkbox"/> 	<ul style="list-style-type: none"> Required as a regulatory requirement 	<ul style="list-style-type: none"> Required as a regulatory requirement
Trading	Trading management	<ul style="list-style-type: none"> Implementing post Administration controls and procedures ✓ Lausing with suppliers ✓ Lausing with management and staff ✓ Lausing with utilities providers ✓ Entering into post Administration undertakings ✓ Attending on site ✓ Authorising purchase orders and other commitments ✓ Maintaining purchase order registry ✓ Preparing and authorising receipt and payment vouchers <input type="checkbox"/> Reviewing Company's budgets and financial statements <input type="checkbox"/> Preparing budgets and financial reports <input type="checkbox"/> Holding meetings to discuss trading position <input type="checkbox"/> Lausing with suppliers to finalise trading positions <input type="checkbox"/> 	<ul style="list-style-type: none"> To enable the business to continue to trade To help protect value and achieve a greater outcome via a going concern sale 	<ul style="list-style-type: none"> Continued trading has resulted in reduced employee and supplier claims and maintained / enhanced value of the business

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
		<ul style="list-style-type: none"> Finalising trading costs and discharging our liabilities <input type="checkbox"/> Completing novation agreements to transfer contracts to purchaser <input type="checkbox"/> 		
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system <input type="checkbox"/> 	<ul style="list-style-type: none"> To pay trading Administration expenses Maintain the accounts and records of the insolvent estate 	<ul style="list-style-type: none"> Statutory duties to <ul style="list-style-type: none"> manage the affairs, business and property of the Company settle expenses in the prescribed order of priority keep proper books and records
Investigations	Conducting investigations	<ul style="list-style-type: none"> Collecting Company books and records where related to investigatory work ✓ Reviewing books and records ✓ Preparing comparative financial statements and deficiency statement ✓ Reviewing specific transactions and liaising with directors regarding certain transactions ✓ Preparing investigation file and lodging findings with BEIS ✓ 	<ul style="list-style-type: none"> Duty to take custody of the Company's books and records To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Asset recoveries	<ul style="list-style-type: none"> Identifying potential asset recoveries <input type="checkbox"/> Instructing and liaising with solicitors regarding recovery actions <input type="checkbox"/> Holding internal meetings to discuss status of any litigation → Attending to negotiations and settlement matters → 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Statutory and compliance	Initial letters and notifications	<ul style="list-style-type: none"> Preparing and issuing all necessary initial letters and notices regarding the Administration and our appointment ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Remuneration report	<ul style="list-style-type: none"> Preparing and circulating to creditors a report giving details of the work we expect to carry out 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
		during the case, our fees estimate and the expenses that are likely to be incurred ✓		
	Case reviews	<ul style="list-style-type: none"> Conducting case reviews after the first month, then every six months <input type="checkbox"/> 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Proposals and initial meeting of creditors	<ul style="list-style-type: none"> Drafting and reviewing a statement of proposals to creditors including statutory information ✓ Circulating notice of the proposals to creditors, members and the Registrar of Companies ✓ Issuing notice of deemed approved proposals ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Progress reports and extensions	<ul style="list-style-type: none"> Preparing and issuing periodic progress reports to creditors and the Registrar <input type="checkbox"/> Making applications to creditors or court for the extension of the Administration and filing relevant notices <input type="checkbox"/> 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Other meetings / resolutions	<ul style="list-style-type: none"> Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the Administration ✓ Convening meetings for resolutions to be considered / issuing resolutions to be considered by correspondence ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Books and records	<ul style="list-style-type: none"> Dealing with records in storage <input type="checkbox"/> Sending case files to storage <input type="checkbox"/> 	<ul style="list-style-type: none"> To maintain proper records 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Other statutory and compliance	<ul style="list-style-type: none"> Filing of documents <input type="checkbox"/> Updating checklists and diary management system <input type="checkbox"/> 	<ul style="list-style-type: none"> Statutory duty to maintain proper records 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Tax & VAT	Tax	<ul style="list-style-type: none"> Gathering information for the initial tax review ✓ Carrying out tax review and subsequent enquiries ✓ Preparing tax computations <input type="checkbox"/> 	<ul style="list-style-type: none"> In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> Governance To ensure tax accounting is accurate for the benefit of creditors as a whole

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
		<ul style="list-style-type: none"> • Liaising with HMRC <input type="checkbox"/> • Obtaining tax clearance → • Submitting corporation tax returns → 		
	VAT	<ul style="list-style-type: none"> • Gathering information for the initial VAT review ✓ • Initial notification as proper officer for tax ✓ • Carrying out VAT review and subsequent enquiries ✓ • Preparing and submitting VAT returns <input type="checkbox"/> • Preparing and submitting bad debt relief <input type="checkbox"/> • Liaising with HMRC <input type="checkbox"/> • De-registration → 	<ul style="list-style-type: none"> • In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> • Governance • To ensure tax accounting is accurate for the benefit of creditors as a whole
Administration	Strategy and planning	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance ✓ • Preparing and updating estimated outcome statement <input type="checkbox"/> • Preparing fee budgets & monitoring cost <input type="checkbox"/> • Holding team meetings not relating to trading and discussions regarding status of Administration <input type="checkbox"/> 	<ul style="list-style-type: none"> • To resolve outstanding matters in line with the purpose of Administration 	<ul style="list-style-type: none"> • The Administrators are required by statute to perform their functions as quickly and efficiently as possible
	Accounting and treasury	<ul style="list-style-type: none"> • Opening and closing bank accounts <input type="checkbox"/> • Dealing with receipts, payments and journals not relating to trading <input type="checkbox"/> • Carrying out bank reconciliations and managing investment of funds <input type="checkbox"/> • Corresponding with bank regarding specific transfers <input type="checkbox"/> 	<ul style="list-style-type: none"> • To pay Administration expenses • Maintain the accounts and records of the insolvent estate 	<ul style="list-style-type: none"> • Statutory duties to <ul style="list-style-type: none"> ◦ manage the affairs, business and property of the Company ◦ settle expenses in the prescribed order of priority ◦ keep proper books and records
	Closure procedures	<ul style="list-style-type: none"> • Withdrawing undertakings not relating to trading and obtaining clearances from third parties <input type="checkbox"/> • Completing checklists and diary management system → • Closing down internal systems → 	<ul style="list-style-type: none"> • To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> • Required by IA86 / IR86 or regulatory requirement

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
		<ul style="list-style-type: none"> • Finalise and close Administration → • Discharge from liability → 		

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the Administration where the relationship could give rise to a conflict of interest.

Payments to associates

We have not made any payments to associates in the period covered by this report

Professionals and subcontractors

Below is a list of professionals and subcontractors we used across the Group

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including <ul style="list-style-type: none">• Review of Company's security position• Assisting with sale of Company's assets• Legal advice to the Administrators	DLA Piper UK LLP	<ul style="list-style-type: none">• Industry knowledge and insolvency expertise• Knowledge of the Company	Time costs and disbursements
Legal services to send out 7 day legal letters to debtors who haven't paid	Browne Jacobson LLP	<ul style="list-style-type: none">• Industry knowledge	£10 per legal letter sent
Property agents and accounts receivable audit <ul style="list-style-type: none">• Council tax review• Receivables review	Consultiam Property Limited trading as CAPA	Industry knowledge	Percentage of realisations
Utilities management <ul style="list-style-type: none">• Meter readings• Liaising with utility providers• Arranging utility supplies• Site security• Records management	GMS Property Support Services Ltd trading as GMS Group	Industry knowledge	Fixed fee
Insurance broker <ul style="list-style-type: none">• Reviewing insurance requirements• Arranging insurance cover• Dealing with insurance claims	JLT Speciality Limited	Industry knowledge	Commission on premiums
Valuation of chattel assets	Hilco Valuation Services	Industry knowledge	Fixed fee
Property valuation services	Lambert Smith Hampton	Industry knowledge	Fixed fee
Vehicle valuation services	Wyles Hardy & Co	Industry knowledge	Fixed fee

As appropriate, we require all third party professionals to submit time costs analyses and narrative in support of invoices rendered

As noted earlier in this report, the Group (including the Company) had entered into an IDF facility with the Secured Lenders. The IDF debt collection was being managed by ARMS. Following the sale of certain Group businesses to a company ultimately owned by the Gupta family, the purchaser also assisted ARMS in the collection of the IDF debts. With the Secured Lenders repaid in full, the IDF accounts have been released back to the Group, and any fees payable in connection with the collection of the IDF debts are being discharged from funds received.

Appendix D: Other information

Court details for the Administration	High Court of Justice, Chancery Division, Birmingham District Registry Case no 8386 of 2015
Company's registered name	Caparo Engineering Limited
Trading name	CMT Engineering, Clydesdale Jones, Caparo Forgings Europe, Caparo Forgings Europe Polish Branch and Caparo Testing Technologies
Registered number	03450375
Registered address	7 More London Riverside, London SE1 2RT
Date of the Administrators' appointment.	19 October 2015
Administrators' names and addresses.	Anthony Steven Barrell, David Matthew Hammond and Robert Jonathan Hunt each of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT
Extension to the initial period of appointment	12 months to 18 October 2017
Appointor's / applicant's name and address.	The directors of the Company, Caparo House, 103 Baker Street, London W1U 6LN
Split of the joint administrators' responsibilities	In relation to paragraph 100(2) Sch B1 IA86, any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone