

In accordance with
Rule 18.7 of the
Insolvency (England &
Wales) Rules 2016 and
Sections 92A, 104A and
192 of the Insolvency
Act 1986.

LIQ03

Notice of progress report in voluntary winding up



Companies House

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25/05/2018

#303

COMPANIES HOUSE

1 Company details

Company number 0 7 8 8 9 1 0 6

Company name in full Duro Felguera UK Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Steven

Surname Muncaster

3 Liquidator's address

Building name/number The Chancery

Street 58 Spring Gardens

Post town Manchester M2 1EW

County/Region

Postcode

Country

4 Liquidator's name ●

Full forename(s) Sarah Helen

Surname Bell

● Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ●

Building name/number The Chancery

Street 58 Spring Gardens

Post town Manchester M2 1EW

County/Region

Postcode

Country

● Other liquidator

Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 1	^d 2	^m 0	^m 4	^y 2	^y 0	^y 1	^y 7
To date	^d 1	^d 1	^m 0	^m 4	^y 2	^y 0	^y 1	^y 8

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 2	^d 3	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8
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Notice of progress report in voluntary winding up



Presenter information

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Contact name	Alex.Ainsworth
Company name	Duff & Phelps Ltd.
Address	The Chancery 58 Spring Gardens
Post town	Manchester M2 1EW
County/Region	
Postcode	
Country	
DX	
Telephone	+44 (0) 161 827 9000



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- ☐ You have attached the required documents.
- ☐ You have signed the form.



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DX 33050 Cardiff.



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Progress Report to Creditors Duro Felguera UK Limited (In Creditors' Voluntary Liquidation)

23 May 2018

*Joint Liquidators' Progress Report to Creditors
For the period from 12 April 2017 to 11 April 2018
Pursuant section 104A of the Insolvency Act 1986 (as amended)
and Rule 4.49C of the Insolvency Rules 1986 (as amended)*

**Duff & Phelps Ltd.
The Chancery
58 Spring Gardens
Manchester
M2 1EW**

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	12 April 2017, being the date of appointment of the Joint Liquidators
the Bank	Barclays Bank Plc, the provider of credit only banking facilities to the Company
Category 2 Disbursements	The Joint Liquidators' internal costs and expenses in dealing with the Liquidation
the Company / DFUK	Duro Felguera UK Limited (In Creditors' Voluntary Liquidation) (Company Registration: 07889106)
the Consortium	Alstom Group, the Company, DFSA and General Electric (Switzerland) GmbH
CPL	Carrington Power Limited
CPS	Carrington Power Station
DBEIS	The Department for Business, Energy & Industrial Strategy
the Director	Fuentes Felgueroso, the sole director of the Company
DFSA	Duro Felguera S A, the Spanish based parent company who owns 100% of the Company's share capital
DFOUK	DF Operaciones Y Montajes UK
DFMUK	DF Mompresa ES, SAU UK
DAB	Dispute Adjudication Board
ESB	The Republic of Ireland's state-owned electricity board, who was the principal employer on the CPS contract that was due to be completed by DFUK and the Consortium
HMRC	HM Revenue and Customs
the Joint Liquidators	Steven Muncaster and Sarah Bell of Duff & Phelps Ltd, The Chancery, 58 Spring Gardens, Manchester, M2 1EW
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Reporting Period	12 April 2017 to 11 April 2018

the Rules	The Insolvency Rules (England and Wales) 2016 (as amended)
Shadow Directors / Employees of DFSA	Mr Alfredo Yanez, Director of Contracts Administration, Mr Julio Rodriguez, Site Manager, Ms Beien Delprado, Legal Advisor, Mr Javier Sanchez, Contracts Manager, and Mr Javier Garcia, Laza Executive Vice President
SIP 9	Statement of Insolvency Practice 9 – Industry Best Practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SOA	Statement of Affairs documentation supplied by the Director outlining the Company's financial position as at the Appointment Date
SPV	Special Purpose Vehicle

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- 1 The Joint Liquidators' Receipts and Payments Account
- 2 Analysis of Time Charged and Expenses Incurred and Fee Estimate
- 3 Proof of Debt Form
- 4 Statement of Creditor Rights

1. Introduction

- 1.1 The purpose of this progress report is to detail the Joint Liquidators' acts and dealings together with the conduct of the Liquidation since the Appointment Date

2. Background

- 2.1 Steven Muncaster and Sarah Bell were appointed Joint Liquidators of the Company on the Appointment Date
- 2.2 The Company's registered office is Duff & Phelps Ltd., The Chancery 58 Spring Gardens Manchester, M2 1EW
- 2.3 The Company's former registered office was Carrington Cogt Construction Site, 132 Manchester Road, Carrington Manchester. This was also the Company's former trading address
- 2.4 The Company was formed as an SPV to be a consortium member of the contracting team on the construction of the CPS on behalf of CPL, which is a subsidiary of ESB

3. Joint Liquidators' Receipts and Payments Account

- 3.1 A detailed Receipts and Payments Account for the Reporting Period is shown at Appendix 1
- 3.2 As at the period end date, there was a cash balance of £5,160,498

4. Progress of the Liquidation

- 4.1 The way the affairs and business of the Company have been managed and financed since the Appointment Date are set out below

Trade Debtors / Settlement Agreement Re: Carrington Power Limited

- 4.2 In summary, a settlement agreement was entered into with the Consortium to include DFSA, with the latter effectively assuming all responsibilities and obligations of DFUK under the terms of the Carrington Power contract
- 4.3 In February 2017, prior to the engagement of Duff & Phelps, the Company was in dispute with CPL whereby they were purporting to be a creditor of the Company for circa £23M.
- 4.4 Instead of litigation proceedings, the Company entered arbitration meetings, specifically a DAB procedure, and a legally binding decision was handed down in February 2017. This decision supported the claims made by CPL and their debt of £23M.
- 4.5 Upon entering Liquidation, various claims and counter claims had been made by DFUK and CPL along with the other members of the Consortium for damages in respect of the construction of the CPL power plant.
- 4.6 At the Appointment Date, it was believed that CPL were purporting to be a creditor of the Company following the DAB decision handed down and the EPC contract that DFUK was party to had not yet been terminated. Clearly, this represented a significant risk to the Joint Liquidators of DFUK that could have resulted in several liabilities arising in the Liquidation estate of c£23M.
- 4.7 Therefore, the parties sought to amicably settle all disputes between them via the settlement agreement.
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- 4 8 Following lengthy and protracted negotiations, the Joint Liquidators executed the settlement agreement with CPL and the Consortium, essentially mitigating the claims of circa £23m among other contingent claims that could have been made
- 4.9 Under the terms of the settlement agreement there are no further monies due to DFUK from CPL with regards to the milestone payments that were due to DFUK, but subsequently withheld from CPL in respect of counter claims made against DFUK
- 4 10 Under the terms of the settlement agreement, the Joint Liquidators have received payments in respect of the VAT element due under these payments
- 4 11 After considering the exchange rate, the Joint Liquidators received monies totalling £2,445,680 into the estate bank account
- 4 12 No further monies are expected to be received from this source after the signing of the settlement agreement in September 2017
- 4 13 Even though these payments have been scheduled out within the settlement agreement document as VAT payments, the Joint Liquidators are treating these monies as a part payment towards a pre-appointment Liquidation debt. Therefore, such monies will not be paid across to HMRC and can be retained by the Joint Liquidators as an asset realisation to be made available for the creditors of DFUK
- 4 14 As far as the Joint Liquidators are concerned, this outcome is a great result for the Liquidation estate and the monies received are significantly higher than had been initially anticipated and have now resulted in a much better return than detailed in the SOA, even if HMRC are successful in refuting our claims to the final element of the VAT refund
- 4 15 No further sums are expected to be received from this source

Trade Debtors: Non-CPL

- 4 16 Pursuant to the SOA, the Company had non-CPL trade debtors outstanding of £167,267 with an estimated to realise value in the Liquidation of £83,633
- 4 17 The ledger was subject to a general provision of 50% to reflect the difficulties in collecting a ledger in a Liquidation scenario
- 4 18 The Joint Liquidators issued letters to all known trade debtors requesting that arrangements were made to settle all outstanding sums that were considered payable and overdue
- 4 19 To date, the Joint Liquidators have received two payments of £22,803 and £890 in respect of full and final settlement payments on two of the accounts
- 4 20 Further investigations have confirmed that one of the debtors, owing the sum of £84,087 had already paid the Company prior to the Appointment Date, but the Company's records had simply not been updated to reflect this
- 4 21 Another debtor, owing the sum of £1,490, was placed into Creditors Voluntary Liquidation on 21 January 2015, with another firm of insolvency practitioners
- 4 22 Much of the remaining ledger is subject to disputes and/or contra claims
-

- 4 23 Based upon current estimates, it is unlikely that there will be any further balances recovered from this source.
- 4 24 Any residual trade debtor balances will therefore be written off as a bad debt and the Joint Liquidators will submit a VAT bad debt relief claim to recover the VAT element of these bad debts for the benefit of the estate
- 4 25 A further update will be provided in the next progress report.

Pre- Appointment VAT Refund

- 4.26 Creditors should note that the January 2017 VAT return was paid by HMRC into the pre-appointment Barclays bank account prior to the Appointment Date
- 4 27 Funds totalling £1,834,888 were paid across by HMRC following a circa £34k deduction from the original return submitted by DFUK prior to the Appointment Date that has been made by HMRC for accounting inaccuracies / exchange rate differences
- 4 28 At the outset, the Joint Liquidators were in correspondence with HMRC in respect of a final VAT return for the period 1 February 2017 to 12 April 2017 that is still yet to be submitted to HMRC
- 4 29 Based on information made available at the outset, the Joint Liquidators were advised that the sum likely to be due from HMRC to be included on this return was circa £1.585M
- 4 30 Much of this claim was to be made up of a further VAT bad debt relief claim associated with the bad debt suffered by DFUK in respect of the Carrington Power contract
- 4 31 This return was subsequently placed on hold to understand what impact, if any, the signing of the CPL Settlement Agreement would have on any future sums claimed
- 4 32 At the date of this report, the Joint Liquidators have yet to submit this final pre-appointment VAT return for several reasons, to include the fact that (1) the Joint Liquidators have still yet to fully reconcile the position and accurately calculate the quantum of this reclaim and (2) HMRC have been raising queries on the post-appointment VAT position
- 4 33 Shortly after their appointment, the Joint Liquidators began negotiations to enter into a settlement agreement with CPL and the other members of the Consortium (see above) in respect of various claims and counter claims made by DFUK and other members of the Consortium, largely for damages in respect of the construction of the CPS
- 4 34 Considering this proposed settlement agreement, the submission of the final pre-appointment VAT return was delayed enabling the Joint Liquidators to ascertain what, if any, impact this would have had on future sums to be reclaimed from HMRC
- 4 35 As detailed above, the CPL settlement agreement has since been completed and the Joint Liquidators and their team have now refocussed their efforts to securing the full suite of documentation required from DFSA to make such a VAT reclaim
- 4 36 The VAT claim has been subject to delays as it has proved difficult to properly ascertain exactly what the debtor balance in respect of CPL was in the period. This is critical as it forms much of the claim being made
- 4 37 The Joint Liquidators have been in recent dialogue with DFSA for further information including copies of all invoices that make up the sums owed. This matter remains ongoing
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- 4 38 The return has been further hampered by correspondence with HMRC whereby they have suggested that no subsequent return will be considered for payment as they believe the VAT element of the sums received by the Joint Liquidators under the CPL settlement agreement should be remitted to them and not retained for the benefit of the Liquidation estate
- 4 39 The Joint Liquidators refute this position entirely and are of the firm opinion that the sums received under the terms of the CPL settlement agreement are a part payment of a pre-appointment debtor balance that was due and payable by CPL
- 4 40 The Joint Liquidators are almost in a position now to submit the final pre-appointment VAT return for the period 1 February 2017 to 12 April 2017
- 4 41 The Joint Liquidators understand that this figure is in the region of £1.5m and are in the process of reviewing the documentation that has been provided to us to date by DFSA prior to the submission of this return. There appears to be a difference of opinion as to whether this final bad debt should be prior to the bad debt provision that was applied of circa £5.8m following the DAB decision that was handed down in February 2017
- 4 42 The Joint Liquidators believe that this should be added back into the calculation and therefore a revised number should be used when submitting this final VAT return. This opinion is shared by the Joint Liquidators' agents based upon their previous experience and knowledge of such situations
- 4 43 Considering the above, there needs to be an amendment made to the current draft VAT return before this is submitted to HMRC
- 4 44 Creditors should note that circa £430,000 of the claim is made up of other VAT bad debt claims and at the very least will seek the recovery of these sums owed as these are not connected to Carrington Power settlement agreement
- 4 45 Considering the above, it is currently uncertain what if any sums will be realised for the benefit of the Liquidation estate
- 4 46 Creditors will receive an update in the next progress report

Cash at Bank and Euro Account

- 4 47 Pursuant to the SOA, the Company held two accounts with the Bank with pre-appointment sums of £932 and £2,404 respectively
- 4 48 The Joint Liquidators have received funds from the Bank in respect of funds held in the GBP and EUR accounts
- 4 49 Prior to the receipt of the pre-appointment VAT return detailed above, there were balances in the respective accounts of €2,754 and £932
- 4 50 The below banker's drafts were never presented for payment and as such represented sums that were realisable for the general body of creditors
- 4 51 The Joint Liquidators began discussions with the relevant parties to ensure the above drafts were cancelled and the funds remitted to the Company's pre-appointment bank account
-

4 52 Following a significant exchange of dialogue between the relevant parties arrangements were finally made to cancel the banker's drafts that were initially drawn against the account in favour of Carrington Power Limited

4 53 The quantum involved with regards to these cheques that were cancelled and funds re-credited to the pre-appointment bank account are as follows

Date Issued	Amount	Account Details
13/03/2017	£322,236.04	83039145
10/03/2017	€411,755.74	86062133
10/03/2017	€751,241.29	86062133

4 54 As a result of the above and after adjusting for the exchange rate conversion, monies totalling £1,319,884 has been realised for the benefit of the Liquidation estate under the heading 'Cash at Bank'

4 55 There are no further realisations expected from this source

Current Investments

4 56 According to the management accounts as at 31 March 2017 there was a balance of £62,000 under the heading 'Current Investments'

4.57 The breakdown provided to the Joint Liquidators and included in the first report to creditors suggested that such balances related to rental deposits paid by DFUK in respect of land, phone, gas and several flats as follows

❖ Shakespeare's - rent of land	£39,200
❖ Telefonica - rent of phone line	£ 900
❖ Gas station	£ 1,500
❖ Flats	£19,960

4 58 The sum of £39,200 above relate to a rent deposit for a property that was used by DFUK for its staff i.e. contractors who worked on the CPS contract

4 59 The Joint Liquidators have had dialogue with the current managing agent of the property. However such dialogue has been difficult as the original managing agent is no longer dealing with the property

4 60 The current agent has confirmed that according to their records, no sums are due to the Company, as there were substantial rent arrears on the account at the time the property was handed back to the landlord by DFUK

4 61 Representations made to us by DFSA suggest that this is not the case and they and the Company were not made aware of any such arrears on the account

4 62 The Joint Liquidators will further their investigations to ascertain what the true position on this rent deposit account is before accepting the contra claim

- 4 63 Based upon current estimates, it is currently uncertain whether there will be any recovery from this asset
- 4 64 The Joint Liquidators have also written to the third parties who make up the other balances detailed above
- 4 65 Most of these assets are not deemed recoverable as they are subject to various counter-claims, contras and other known erosions
- 4 66 A further update will be provided in the next progress report

Other Matters and Counter Claims

- 4 67 The Joint Liquidators have previously sought comments and guidance from the Liquidation Committee on several issues including that of a counter claim against a creditor of the Company, Severfield (UK) Limited
- 4 68 As previously advised, the Joint Liquidators were presented with an ongoing claim from Severfield (UK) Limited in July 2017 whereby the Joint Liquidators were provided with only a few days to formulate a defence and/or leave the claim undefended
- 4 69 Freeths LLP, the solicitors who were engaged by the Company prior to our appointment to deal with this matter, were unable to act for the Joint Liquidators due to an apparent conflict and the Joint Liquidators were left at very short notice needing new legal representation
- 4 70 Our retained solicitors, Pannone Corporate LLP, advised on the matter. The Joint Liquidators sought comments from the Liquidation Committee on whether to defend the claim at considerable cost to the Liquidation estate for an uncertain outcome, or leave the claim undefended resulting in a higher claim made from Severfield (UK) Limited
- 4 71 It was resolved by the Liquidation Committee unanimously that the best and preferred option was to leave the claim undefended ensuring that funds were not wasted and were available for distribution whilst having a minimal impact on the overall dividend position
- 4 72 Creditors should note that since then, a judgement has been handed down in favour of Severfield (UK) Limited by the Court in the UK
- 4 73 The Joint Liquidators will adjudicate upon this claim while adjudicating upon all other non-preferential creditor claims – see Section 6 of this report for further details
- 4.74 Out of courtesy, a copy of this judgement was sent over to DFSA as it is the Joint Liquidators understanding from the dialogue that took place between the Joint Liquidators, DLA Piper UK LLP and Severfield (UK) Limited that their rationale for obtaining judgement was to enable then to pursue DFSA via the Spanish courts under a parental corporate guarantee that was in place between the respective parties
- 4 75 The result of this judgement though is that there is likely to be a claim in the Liquidation to be admitted for dividend purposes. SUK will likely have a duty to mitigate their position against DFUK before they can pursue DFSA via the Spanish judicial system under the parental corporate guarantee. In effect, this would mean that they might have to wait until they have received the benefit of a dividend from the Liquidators of DFUK before doing so

- 4 76 Although it should be pointed out at this stage, the judgement sum awarded is significantly lower at £4,030.663 (including the costs and interest) than the figure allowed at the S98 meeting for voting purposes i.e. £5,783,668
- 4 77 As far as the Joint Liquidators are concerned, this matter has now been concluded until the point is reached whereby the judgement creditor claim of SUK needs to be adjudicated upon
- 4 78 Creditors should also note that the Joint Liquidators have several similar matters that are currently being reviewed by them and their advisors
- 4 79 The Joint Liquidators are currently investigating a number of potential counter claims against creditors that have registered their claims against the Liquidation estate
- 4 80 Following consultation with the Liquidation Committee, the Joint Liquidators have also sought to re-engage two firms of solicitors who acted for DFUK on each case prior to the Appointment Date to consider the pursuit of two counter-claims against two independent third-party creditors
- 4 81 The Joint Liquidators have been considering their options but as things stand the Joint Liquidators have recently re-engaged these solicitors to pursue such counter-claims with a view to either (1) mitigating a creditor claim from the creditors in question and/or (2) securing a settlement sum from the creditors
- 4 82 The Joint Liquidators have been gathering information from DFSA (and to some extent CPL) to review the position enabling them to make an informed decision on the merits of pursuing such a counter-claim strategy
- 4 83 Furthermore, DFSA have incurred a significant amount of costs to rectify the issues arising from these two parties' works that were undertaken to an unsatisfactory standard on the Carrington Power contract
- 4 84 Creditors should note here that DFSA have indicated that they are willing to assign whatever claims they may have against these parties to the Joint Liquidators of DFUK so that any realisations can be made available to the general body of creditors
- 4 85 Should these counter claims be successful then they could result in further recoveries for the Liquidation estate, however, it is more likely that they will result in reduced or nil claims from the creditors which will have an overall net benefit to the general body of creditors and the quantum of distribution received
- 4 86 The Joint Liquidators are unable to comment on these matters any further as in doing so could prejudice any possible recoveries for the Liquidation estate
- 4 87 A further update will be provided to all creditors in the next progress report

Warranties and Bonds – Various Creditors

- 4 88 The Joint Liquidators have spent considerable time and effort dealing with several residual warranties and bonds that were in place and/or have arisen since the Appointment Date
- 4 89 Information has been provided by DFSA detailing some purported warranty works that needed completing by several subcontractors on the Carrington Power contract

- 4 90 The Joint Liquidators have reverted to DFSA, where appropriate, to advise them that since there was no trading relationship with any of these contractors / creditors the Joint Liquidators suggested to DFSA that they make the direct approach to the creditor to make arrangements needed for them to complete the remedial works
- 4 91 The Joint Liquidators have also recently dealt with the procurement of an early release for several bonds after they completed these remedial works on the Carrington Power site
- 4 92 Creditors should be aware that upon entering into the settlement agreement with DFSA and CPL, the Joint Liquidators no longer have any interests or obligations placed upon them in terms of the works needed under the Carrington Power contract. Such obligations have all been transferred to DFSA.
- 4 93 The Joint Liquidators have been in dialogue with a number of these creditors to assist in the process with the goal of relinquishing the creditors from any bond obligations as and when such works have been completed
- 4 94 Furthermore following the execution of the settlement agreement with CPL and the Consortium relating to the Carrington Power contract having taken some legal advice, the Joint Liquidators have confirmed that they are happy to assign certain subcontracts across to DFSA to enable them to deal with certain warranty obligations / remedial works to be completed with regards to the Carrington Power contract
- 4 95 For the avoidance of doubt please note that these proposed assignments of various subcontracts between DFUK and a subcontractor will not novate the performance bonds to DFSA. Each bond is a separate contract between DFUK and the bondsman and (depending on its terms) would need the consent of the bondsman to either an assignment or a separate novation including the bondsman. Considering this all references to bonds will be removed from such assignment documentation
- 4 96 A number of these matters are still ongoing and a further update will be provided in the next report to creditors

Gross Interest

- 4 97 Bank interest totalling £1,203 has been received during the Reporting Period

Other Assets

- 4 98 At this stage the Joint Liquidators are not aware of any other assets of the Company, however investigations into this are ongoing

5. Investigations

- 5 1 The Joint Liquidators have a statutory obligation to file a report with DBEIS regarding the conduct of any directors that held office in the three years prior to the Liquidation
- 5 2 This also includes those parties that although not formally appointed as a statutory director had significant control and influence over the Company's financial affairs and management. Therefore the investigations have extended to the Shadow Directors

- 5.3 The Joint Liquidators have a statutory obligation to file a report with DBEIS regarding the conduct of the Directors that held office in the three years prior to the Liquidation. This report must be filed within three months from the Appointment Date and the content of this report is confidential.
- 5.4 The Joint Liquidators' investigations into the affairs of the Company remain ongoing.
- 5.5 The Joint Liquidators also have a duty to investigate antecedent transactions which include
- Transactions at an undervalue, Section 238 of the Act.
 - Preferences, Section 239 of the Act, and
 - Transactions to defraud creditors, Section 423 of the Act.
- 5.6 If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Liquidators' attention, then they would be pleased to hear from them.

6. Dividend Prospects / Prescribed Part

Secured Creditors

- 6.1 The Company does not have any secured creditors.

Preferential Creditors

- 6.2 As the Company did not have any employees, no claims from preferential creditors are expected and no such claims have been received to date.

Prescribed Part

- 6.3 Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003 a Prescribed Part of the Company's net property shall be made available to non-preferential creditors.
- 6.4 The Prescribed Part is calculated as a percentage of net property as follows:

Net property less than £10,000	50% unless the Joint Liquidator considers that the costs of making a distribution to the non-preferential creditors would be disproportionate to the benefits.
Net property greater than £10,000	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

- 6.5 The Prescribed Part will not apply in this matter as there are no floating charge creditors.

Non-Preferential Creditors

- 6.6 According to the SOA, non-preferential creditors total £39,816,658.

6.7 The non-preferential creditors can be summarised as follows:

	£
Trade & Expense Creditors	3,741,959
Duro Felguera SA	27,325,120
DF Operaciones Y Montajes	7,074,547
DF Mompresa, SAU	1,675,032
Total	39,816,658

6.8 To date, the level of non-preferential creditor claims received by the Joint Liquidators are significantly higher than those detailed above

6.9 Claims received to date total £58,251,029. However, creditors should note that some of these are subject to dispute and/or counter claims and may be reduced

6.10 These claims have not yet been formally admitted for dividend purposes nor have they been formally adjudicated upon

Connected Party Creditor Claims - DFSA

6.11 Pursuant to the SOA, the Joint Liquidators have received the following connected party claims

➤ Duro Felguera SA	£27,325,130
➤ DF Operaciones Y Montajes - UK Branch	£7,074,547
➤ DF Mompresa – UK Branch	£1,675,032

6.12 For the avoidance of doubt, these claims have not yet been admitted for dividend purposes nor have they been adjudicated upon

6.13 As is the case with the other creditor claims, the Joint Liquidators will adjudicate upon these claims when adjudicating upon all other non-preferential creditor claims i.e. when the Joint Liquidators issue the notice of intended dividend

6.14 DFSA have been asked to review these claims and decide whether they still intend to submit these claims for dividend purposes on the back of the adverse comments that were made by the general body of creditors at the Section 98 meeting in April 2017

6.15 In terms of the DFSA creditor claims, further dialogue has taken place with them and they are still considering their position. However, DFSA have suggested that they are willing to consider waiving an element of the DFSA claim but not their claims as subcontractors i.e. the claims of DF Operaciones y Montajes and DF Mompresa

6.16 However, following further discussions with DFSA, it has been suggested that they would be willing to review the claim from DFSA only, potentially willing to write off 50%

6.17 To date, no decision has been made by either DFSA or the Joint Liquidators. This will only be done when the Joint Liquidators ask all creditors to provide their final claims

6.18 It should be noted that DFSA have likely incurred further costs since the Appointment Date due to the warranty works that have had to be completed relating to various subcontracts in place between DFUK and various creditors, especially when considering that DFSA are now responsible for all future obligations arising under the terms of the DFUK contract that was in place with CPL

6.19 Furthermore, and as detailed above, DFSA have indicated that they are willing to assign whatever claims they may have against the third parties that the Joint Liquidators are pursuing counter-claims against so that any realisations can be made available to the general body of creditors

6.20 A further update will be provided to creditors in due course.

Dividend Prospects

6.21 Based upon current estimates, there will be sufficient funds realised by the Joint Liquidators to enable a distribution to be made to the non-preferential creditors of the Company

6.22 As detailed above, the Company has no secured and/or preferential creditors and therefore, all funds realised will be made available for distribution to the non-preferential creditors of DFUK, subject to the costs of the Liquidation being paid out of these asset realisations

6.23 The quantum and exact timing of any distribution is currently uncertain. This will be dependent amongst other things on the following

- Level of any future asset realisations
- Level of non-preferential claims admitted for dividend purposes by the Liquidators and
- The costs of the Liquidation

6.24 Unfortunately, a Liquidation procedure is not a quick process especially when considering the complex dealings that DFUK was party to

6.25 The level of creditor claims is also dependent upon a significant amount of further investigative work to be undertaken by the Joint Liquidators and their advisers pertaining to certain counter-claims against several of DFUK creditors

6.26 However, the asset realisation process is ongoing and the Joint Liquidators are therefore unable to confirm at this stage either the quantum and/or timing of any potential distribution until this process is complete

6.27 The Joint Liquidators will issue a notice of intended dividend to creditors at the appropriate time i.e. when all known tangible assets have been realised

6.28 At that time, creditors will be asked to prove their claim so that the Joint Liquidators can adjudicate upon all creditor claims before making a dividend

6.29 Once this formal process is started, then creditors will have 1 month to submit their claim with supporting documentation. Once this date, known as the last date for proving, has passed, then the Joint Liquidators will then have 2 months to adjudicate upon these claims. After this date has passed, then the Joint Liquidators will need to declare the level of dividend to be paid to the non-preferential creditors

6.30 In summary, this dividend process takes about 3 months to complete from start to finish. Once the dividend has been declared, then the Joint Liquidators will seek to physically pay the dividend as soon as reasonably practicable thereafter

6.31 As things stand, the Joint Liquidators are unable to accurately state what the level of creditor claims are. There are so many uncertainties here notwithstanding the fact that (1) two major creditors are subject to potential counter-claims and (2) most creditors have yet to prove their claims to be adjudicated upon by the Joint Liquidators

6 32 It may well be the case that there is an interim distribution declared and paid when all the tangible assets have been recovered

6 33 If you have not yet submitted your proof of debt, attached at Appendix 4 is a Proof of Debt Form which should be submitted as soon as possible.

7. Costs and Expenses

7 1 In accordance with current insolvency legislation, the basis of the Joint Liquidators' remuneration was fixed based on time properly charged by them by the Liquidation Committee at the first meeting of the Liquidation Committee held on 22 May 2017

7 2 Furthermore, the Liquidation Committee also approved the Joint Liquidators' Fee Estimate for the whole period of the Liquidation in the sum of £502,683 together with a suitably worded fee resolution

7 3 The Joint Liquidators' Fee Estimate effectively acts as cap on their fees

7 4 A copy of the Joint Liquidators' Fee Estimation has been attached at Appendix 3

7 5 The time costs charged in the Reporting Period are as analysed at Appendix 2 and total £267,812. This relates to 855 hours at an average hourly rate of £313

7 6 As things stand, it is expected that the Joint Liquidators' costs will still be within this Fee Estimate. If this does change however, then the Joint Liquidators will notify both the Liquidation Committee and the general body of creditors accordingly

7 7 In accordance with SIP9, the Joint Liquidators have provided creditors with additional information regarding major areas of time during the Reporting Period recorded below

- An amount of £60,470 has been incurred under the heading Communications with Creditors / Employees. This has involved engaging in correspondence with the general body of creditors including providing verbal and informal written updates upon request
- An amount of £48,699 has been incurred under the heading Book Debts. This has involved reviewing the Company's books and records for information on the outstanding sums, sending correspondence and dealing with the disputed ledger
- An amount of £35,001 has been incurred under the heading Liquidation Committee. This has involved dealing with the formation of the Liquidation Committee, convening its first meeting and providing detailed updates periodically on the process of the Liquidation
- An amount of £27,588 has been incurred under the heading Strategy, Planning and Control. This has involved gathering relevant financial information and holding discussions with various parties to formulate a strategy to realise the Company assets

7 8 The Joint Liquidators have drawn the sum of £260,000 plus VAT in respect of the above time costs during the Reporting Period

7 9 The Joint Liquidators' disbursements are also detailed at Appendix 2 along with their Fee Estimate

7 10 The Joint Liquidators have incurred expenses in dealing with the Liquidation of the Company and these are detailed at Appendix 2

7.11 Information regarding the fees and disbursements of Liquidators, including details of the Duff & Phelps disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Liquidators' Fees". This can be viewed and downloaded from the Joint Liquidators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides> Should you require a copy, please contact this office

7.12 Any secured creditor, or any non-preferential creditor (with the support of at least 10% in value of the non-preferential creditors or the permission of the court), may apply to court because the remuneration or basis fixed for the Joint Liquidators' remuneration or the expenses incurred by the Joint Liquidators are excessive. This application must be made no later than 8 weeks after receipt of the progress report, where the charging of the remuneration or the incurring of expenses in question occurs.

8. Further Information

8.1 In accordance with Rule 4.49E of the Rules, secured creditors and non-preferential creditors (with the concurrence of at least 5% in value of total non-preferential claims) may make a request in writing to the Joint Liquidators for further information about the remuneration or expenses set out in this progress report. This should be done within 21 days of receipt of this report

9. Conclusion

9.1 Creditors will receive formal reports annually until the conclusion of the Liquidation. The Joint Liquidators anticipate that the Liquidation process will continue for at least another 12-month period, during which it is thought that the Joint Liquidators and their team will be able to realise the remaining assets and settle the ongoing counter claims as well as adjudicate creditor claims and declare the dividend to non-preferential creditors

9.2 In the meantime if you require any further information please contact Alex Ainsworth of this office



Steven Muncaster
Joint Liquidator

Appendix 1

Joint Liquidators' Receipts and Payments Account

Duro Felguera UK Limited
(In Liquidation)
Joint Liquidatorss' Summary of Receipts & Payments
To 11/04/2018

S of A £		£	£
	ASSET REALISATIONS		
83,633.50	Trade Debtors - Other	23,693.29	
1,868,146.79	Vat Refund	1,834,888.11	
Uncertain	Current investments	NIL	
Uncertain	Trade Debtors - Carrington Power Limi	NIL	
932.44	Cash at Bank	1,319,884.47	
2,404.39	Euro Account (converted)	NIL	
	CPL Settlement Agreement debt	2,445,680.43	
	Bank Interest Gross	1,203.46	
			5,625,349.76
	COST OF REALISATIONS		
	Legal Disbursements - other	10,000.00	
	Pre Insolvency Remuneration	30,320.00	
	Liquidators' remuneration	260,000.00	
	Liquidators' disbursements	546.15	
	Legal Fees	79,000.00	
	Agent Fees - Matrix	21,795.50	
	Petition Fees	1,880.00	
	Statutory Advertising	253.80	
	Bank Charges	37.22	
			(403,832.67)
	UNSECURED CREDITORS		
(3,741,958.63)	Trade & Expense Creditors	NIL	
(27,325,120.27)	Duro Felguera S.A	NIL	
(7,074,547.42)	DF Operaciones Y Montases - UK	NIL	
(1,675,032.08)	DF Mompres, SAU - UK	NIL	
			NIL
	DISTRIBUTIONS		
(20,000.00)	Ordinary Shareholders	NIL	
			NIL
(37,881,541.28)			5,221,517.09
	REPRESENTED BY		
	VAT receivable		14,030.73
	Floating/main current account		160,497.50
	Floating No 2 Account		5,000,000.00
	General VAT control account		46,988.86
			5,221,517.09

Appendix 2

Analysis of Time Charged and Expenses Incurred and Fee Estimate

77611 DURO FELGUERA UK LIMITED

ANALYSIS OF LIQUIDATORS TIME COSTS FOR THE PERIOD 12/04/2017 to 11/04/2018

CVL-Creditors Vol Liquidation - Post Appt.

<u>Classification of Work Function</u>	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost	Avg Hourly Rate
Administration and Planning								
Case review and Case Diary management	0 00	0.70	0.00	9 60	1.60	11.90	2,464.00	207.06
Cashiering & accounting	1 00	4.60	4.10	9 05	12 45	31.20	6,865.00	220.03
Dealings with Directors and Management	3 00	10 50	0.00	13 90	0 00	27.40	8,919.00	325.51
IPS set up & maintenance	0.00	0 00	0.00	1 25	0 70	1 95	271.75	139.36
Insurance	0.00	0 00	0.00	2 30	0.00	2 30	483.00	210.00
Statutory matters (Meetings & Reports & Notices)	0.00	10 00	0.00	36 95	7 70	54 65	11,833.25	216.53
Strategy planning & control	6 00	43 10	0 00	16.90	26.95	92.95	27,588.25	296.81
Tax Compliance/Planning	1 00	3.90	0.00	2.30	0 70	7.90	2,731.50	345.76
Creditors								
Communications with Creditors/Employees	15 50	117 50	0.00	13.95	1.40	148.35	60,470.25	407.62
Creditors committee	3 00	56 90	0.00	45.30	0.00	105 20	35,001.00	332.71
Non Pref Creditor claims adjudication and dist'n	0 00	14 20	0 00	0.90	2.20	17 30	6,406.00	370.29
Non Pref Creditors/Employee claims handling	0.00	0 00	0.00	29.20	4.35	33 55	6,632.25	197.68
Pref claims adjudication and distribution	0 00	0 00	0.00	4 40	0.00	4.40	924.00	210.00
Investigations								
CDDA & reports & Communication	2 00	6.00	0 00	39 60	3 00	50.60	12,241.00	241.92
Financial review and investigations (S238/239 etc)	0 00	1.70	0 00	0 00	0 00	1.70	714.00	420.00
Realisation of Assets								
Book debts	0 00	88 70	0 00	36 40	33.05	158 15	48,698.75	307.93
Other Intangible Assets	0 00	0 00	0 00	8.50	0 00	8 50	1,785.00	210.00
Other Tangible Assets	2.00	37 20	0.00	0 20	0.00	39 40	16,726.00	424.52
Pre-Appointment Tax Reclaims	0 00	25 80	0.00	25.30	3 65	54 75	16,568.75	302.63
Trading								
Trading - Retention of Title & Claims handling	0 00	0.00	0.00	1 40	1.70	3 10	489.50	157.90
Total Hours:	33.50	420.80	4.10	297.40	99.45	855.25		313.14
Total Fees Claimed: £	17,755.00	176,651.00	1,320.00	60,649.50	11,436.75		267,812.25	

Duro Felguera UK Limited - In Liquidation
Joint Liquidators Disbursements

Type	Reporting Period	
	Incurring	Amount Paid
	(£)	(£)
Category 1		
Bond Premium	112.50	112.50
Statutory Advertising	253.80	253.80
Liquidators Disbursements - Travel	546.00	546.00
Bank Charges	37.22	37.22
Category 2		
None		
Total	£949.52	£949.52

Duro Felguera UK Limited
Joint Liquidators Expenses

Company	Activity	Fee Basis	Reporting Period	
			Incurred	Amount Paid
			(£)	(£)
Panoone Corporate LLP	Legal Fees	Time costs	79,000	79,000
Matrix Corporate Solutions	Quantity Surveyor	Time costs	21,796	21,796
Mchale Legal Limited	Payment of pre- appointment petition costs	Fixed	1,880	1,880
Legal Disbursements			10,000	10,000
			<u>112,676</u>	<u>112,676</u>

The above costs exclude VAT

The Joint Liquidators choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee

Fees Estimate

Duro Felguera UK Limited - In Liquidation

Estimated total time costs for the life cycle of the Liquidation

Creditors Voluntary Liquidation - Post Appt (New)									
Classification of Work Function	Hours					Total Hours	Time Cost	Avg. Hourly Rate	
	Partner	Manager	Senior	Assistant	Support				
Admin & Planning									
Case review and Case Diary management	1 00	5 00	0 00	12 50	0 00	18 50	4,505 00	243.51	
Cashiering & accounting	1 00	2 50	2 50	10 00	2 00	18 00	3,872 50	215.14	
Dealings with Directors and Management	10 00	12 50	0 00	15 00	0 00	37 50	12,800 00	341.33	
Dealings with Shareholders	7 50	25 00	0 00	15 00	0 00	47 50	16,725 00	352.11	
IPS set up & maintenance	0 00	2 50	0 00	10 00	0 00	12 50	2,550 00	204 00	
Statutory matters (Meetings, Reports and Notices)	5 00	30 00	5 00	60 00	0 00	100 00	25,675 00	256.75	
Strategy planning & control	7 50	45 00	0 00	20 00	0 00	72 50	25,875 00	356.90	
Tax Compliance/Planning	1 50	17 50	0 00	7 50	0 00	26 50	9,270 00	349.81	
Creditors									
Communications with Creditors/Employees	2 50	50 00	0 00	75 00	0 00	127 50	33,575 00	263.33	
Creditors Committee	7 50	60 00	0 00	50 00	0 00	117 50	36,675 00	312.13	
Non Pref Creditors/Employee claims handling	25 00	225 00	0 00	275 00	5 00	530 00	149,200 00	281.51	
Investigations									
CDDA, reports & Communication	5 00	125 00	0 00	50 00	2 50	182 50	62,750 00	343.84	
Realisation of assets									
Book debts (including Carrington Power dealings)	5 00	100 00	0 00	50 00	0 00	155 00	52,150 00	336.45	
Other Assets (including contingent asset claims)	10 00	100 00	0 00	25 00	0 00	135 00	51,050 00	378.15	
Pre Appointment Tax reclaim	2 00	30 00	0 00	15 00	2 50	49 50	16,010 00	323.43	
Total Hours	90 50	830 00	7 50	690 00	12 00	1,630 00			
Total Estimated Fees	47,965 00	348,600 00	2,137 50	103,500 00	480 00		502,682 50		

Appendix 3

Proof of Debt Form

PROOF OF DEBT - GENERAL FORM

Duro Felguera UK Limited 07889106	
This proof must be made out by, or under the direction of, the creditor and authorised by the creditor or a person with relevant authorisation as at the date of the winding up.	
Date of Winding-Up Order / Resolution for voluntary winding up – 12 April 2016	
1.	Name of Creditor (If a company please also give company name and registration number)
2.	Address of Creditor for correspondence (principal place of business)
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation
4.	If amount in 3 above includes outstanding uncapitalised interest please state amount
5.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
6.	Particulars of any security held, the value of the security, and the date it was given.
7.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
8.	Details of any documents by reference to which the debt can be substantiated. [Note there is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chair or convenor of any meeting].
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor Address of person signing (if different from 2 above)
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Liquidator	Liquidator

Appendix 4

Statement of Creditor' Rights

STATEMENT OF CREDITORS RIGHTS

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section numbers refer to Insolvency Act 1986

'Office-holder' is the current Administrator or Liquidator as applicable

Information for creditors on remuneration and disbursements of liquidators

Information regarding the fees and disbursements of liquidators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Liquidators' Fees". This can be viewed and downloaded from the Joint Liquidators' website at

<https://www.duffandphelps.co.uk/services/restructuring/corporate-restructuring-and-debt-advisory/creditor-guides-and-employee-fact-sheets>

(click on the document 'Liquidation (appointment from 1 October 2015)'. Should you require a copy, please contact this office

Creditors have the right to request information from the office-holder under rule 18.9

A secured creditor, an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) or any unsecured creditor with the permission of the court may make a written request to the office-holder for further information concerning remuneration or expenses. Such a request must be made within 21 days of receipt of this report and a response will be provided within 14 days of receipt of the request.

Creditors have recourse to court application to be made within 21 days of the office-holder giving reasons for not providing all the information requested or the expiry of the 14 days within which an office-holder must respond to a request.

Creditors have the right to challenge the office-holder's remuneration and expenses under rule 18.34

A secured creditor, an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or any unsecured creditor with the permission of the court, may make an application to court on the grounds that the remuneration charged or expenses incurred are excessive and/or that the basis fixed for the office-holder's remuneration is inappropriate. The application to court must be made no later than eight weeks after receipt of the Progress Report where the charging of the remuneration or the incurring of expenses in question occurs.