

LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



A16 *A868J91N* 25/05/2019 #154
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

County/Region

Postcode M 2 1 E W

Country

4 Liquidator's name

Full forename(s) Sarah

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

County/Region

Postcode M 2 1 E E

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 8
To date	^d 1	^d 1	^m 0	^m 4	^y 2	^y 0	^y 1	^y 9

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 9
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LIQ03

Notice of progress report in voluntary winding up



Presenter information

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

Contact name **Lucy Gordon**

Company name **Duff & Phelps Ltd**

Address **The Chancery**

58 Spring Gardens

Post town **Manchester**

County/Region

Postcode **M 2 1 E W**

Country

DX

Telephone **0161 827 9000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Progress Report to Creditors

Duro Felguera UK Limited (In Creditors' Voluntary Liquidation)

23 May 2019

*Joint Liquidators' Progress Report to Creditors
For the period from 12 April 2018 to 11 April 2019
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
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
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
First Progress Report	The Joint Liquidators' Progress Report to creditors dated 23 May 2018
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 creditors
the Reporting Period	12 April 2018 to 11 April 2019
the Rules	The Insolvency Rules (England and Wales) 2016 (as amended)

Shadow Directors	Mr Alfredo Yanez, Director of Contracts Administration; Mr Julio Rodriguez, Site Manager; Ms Belen 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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5. Statement of Creditors' 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 in the Reporting Period.

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 Ccgt 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 2.
- 3.2 As at the period end date, there was a cash balance of £5,066.927.

4. Progress of the Liquidation

- 4.1 The way the affairs and business of the Company have been managed and financed in the Reporting Period, and continue to be so, 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 Prior to the Appointment Date, the Company was in dispute with CPL whereby CPL purported to be a creditor of the Company for circa £23M.
- 4.4 Instead of litigation proceedings, the Company entered arbitration meetings, and a legally binding decision was handed down in February 2017 in support of claims made by CPL.
- 4.5 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.
- 4.6 In accordance with the settlement agreement, the Joint Liquidators have received payments due to the Company totalling £2,445,680.
- 4.7 Further detail regarding these funds can be found in the First Progress Report.
- 4.8 Under the terms of the settlement agreement there are no further monies due to DFUK from CPL and DFSA has assumed all obligations, responsibilities and any liabilities under the contract going forward.

Trade Debtors: Non-CPL

- 4.9 Pursuant to the SOA, the Company had non-CPL trade debtor balances outstanding of £167,267 with an estimated to realise value in the Liquidation of £83,633.
- 4.10 The ledger was subject to a general provision of 50% to reflect the difficulties in collecting a ledger in a Liquidation scenario.
- 4.11 As previously reported, the Joint Liquidators received payments totalling £23,693 in respect of full and final settlement payments on two debtor accounts. These receipts are reflected in the Receipts and Payments Account at Appendix 2.
- 4.12 Further investigations have confirmed that one of the debtors owing £84,087 had repaid the Company prior to the Appointment Date, whilst another debtor owing £1,490 was placed into Creditors' Voluntary Liquidation on 21 January 2015 with another firm of insolvency practitioners.
- 4.13 The remaining ledger is subject to disputes and/or contra claims and, after further investigation, has been deemed irrecoverable. These debts have therefore been written off.
- 4.14 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.
- 4.15 A further update will be provided in the next progress report.

Pre- Appointment VAT Refund

- 4.16 As previously reported, the January 2017 VAT return was paid by HMRC into the pre-appointment Barclays bank account prior to the Appointment Date.
- 4.17 Funds totalling £1,834,888 were paid across by HMRC following a circa £34,000 deduction from the original return submitted by DFUK for accounting inaccuracies / exchange rate differences.
- 4.18 Creditors were previously advised that from 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. It was estimated that the sum due from HMRC to be included on this return was likely to be in the region of £1.5m.
- 4.19 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 CPL contract. As such, the return was subsequently placed on hold to understand what impact, if any, the signing of the CPL settlement agreement would have on any sum claimed.
- 4.20 HMRC previously suggested no return would be considered for payment, believing that the VAT element of sums received under the CPL settlement agreement should be remitted to HMRC and not retained for the benefit of the Liquidation estate.
- 4.21 The Joint Liquidators refuted 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.
- 4.22 Significant dialogue with HMRC has taken place during the Reporting Period to this effect and in consideration of the post-appointment VAT position.

- 4.23 The last VAT return submitted to HMRC by the Company prior to the Appointment Date spanned the period within which CPL paid the Company in respect of the damages claim agreed upon via the settlement agreement. VAT was attributable to such payments.
- 4.24 In July 2018, HMRC confirmed to the Joint Liquidators that those monies received totalling circa £2.445m under the settlement agreement should have been included in any VAT return covering the period in which these payments were made, by way of HMRC clawing back the VAT elements of these payments.
- 4.25 After the Joint Liquidators refuted this position, in August 2018 HMRC referred the case to its internal policy team to understand the correct treatment in this instance, and next steps about the effect of the required clawback and any final pre-appointment VAT return yet to be submitted by the Joint Liquidators.
- 4.26 HMRC subsequently submitted its formal decision on this matter to the Joint Liquidators on 21 January 2019. That decision confirmed that any debt due to HMRC arising because of the clawback adjustment will rank as unsecured against the Liquidation estate in accordance with Rule 14.1(3)(b), as opposed to ranking payable as an expense of the Liquidation.
- 4.27 As part of this ongoing dialogue with HMRC, the Joint Liquidators sought clarification from HMRC to the effect that there would be no set-off of sums applied to any post-appointment VAT returns, and that all pre-appointment VAT matters would be dealt with in isolation. HMRC confirmed this is the case in February 2019.
- 4.28 Considering HMRC's decision, the Joint Liquidators have now reconciled all relevant information held on file with a view to ensuring the full suite of documentation was to hand to prepare the final pre-appointment VAT return for submission to HMRC.
- 4.29 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.
- 4.30 Considering the above, it is currently uncertain what if any sums will be realised for the benefit of the Liquidation estate.
- 4.31 The return will be submitted to HMRC as soon as the position has been fully reconciled and an update will be provided in the Joint Liquidators' next progress report.

Cash at Bank

- 4.32 As previously advised, there were funds realised from credit balances held by Barclays at the Appointment Date of £1,319,884.
- 4.33 During the Reporting Period, the Joint Liquidators were contacted by Barclays to advise that there was a further credit balance held on another pre-appointment bank account held by the Company that had not been remitted to the Joint Liquidators.
- 4.34 In this regard, a further £37,502 has been paid across to the Liquidation estate account during the Reporting Period.
- 4.35 There are no further realisations expected from this source.

Current Investments

- 4.36 As previously reported, "Current Investments" detailed in the Company's management accounts as at 31 March 2017 carried a value of £62,000 in respect of rental deposits paid by DFUK in respect of land, phone, gas and several flats.
- 4.37 The managing agent of the property has confirmed that no sums were outstanding and due to the Company in respect of the rent deposits given the rent arrears outstanding at the time the Company vacated the premises.
- 4.38 The Joint Liquidators' made some enquiries into this claim as it did not correspond to representations made to us by DFSA at the outset.
- 4.39 However, given the fact that DFSA could not provide us with any supporting documentation to refute the landlord's claims, the Joint Liquidators had no alternative but to accept the contra claim.
- 4.40 Consequently, there are no sums expected from this source.

Other Matters and Counter Claims

Severfield (UK) Limited ("Severfield")

- 4.41 As previously advised, the Joint Liquidators were presented with an ongoing claim from Severfield in July 2017 and the UK Court handed down a judgement in favour of Severfield.
- 4.42 As outlined in the First Progress Report, a copy of the judgement was forwarded to DFSA as a matter of courtesy given Severfield's intention to pursue DFSA via the Spanish courts under a parental corporate guarantee that was in place prior to the Appointment Date. Severfield subsequently pursued DFSA via the Spanish judicial system under such guarantee.
- 4.43 Spanish law stipulates that the defendant to the claim is to be provided with an appeals window prior to any judgement previously awarded being accepted as final. In November 2017, the Spanish Court passed judgement on Severfield's claim and provided the Company with a 21-day window to submit any appeal via the UK court.
- 4.44 It should be noted that judgement was awarded in the sum of circa £4M including costs and interest, a sum significantly lower than the circa £5.9M claimed in support of creditor voting purposes at the outset of the Liquidation.
- 4.45 A Court date of 5 June 2018 was fixed by the Spanish Court simultaneous to its judgement on the claim.
- 4.46 Severfield's pursuit of the debt from DFSA continued but was ultimately rejected by the Spanish Court in March 2019.
- 4.47 Because of this decision in the Spanish courts, Severfield has been unable to mitigate its losses. Severfield therefore maintains its claim against the Company. The total sum claimed is circa £4.84M, which includes accruing interest.
- 4.48 As is the case with the other creditor claims, the Joint Liquidators will adjudicate upon this claim when we adjudicate upon all other non-preferential creditor claims i.e. when the Joint Liquidators issue the notice of intended dividend. Please refer to Section 6 for further details.

Other Claims

- 4.49 As previously reported, and following consultation with the Liquidation Committee, the Joint Liquidators are pursuing counter-claims against two of the major creditors / suppliers of DFUK.
- 4.50 These matters are ongoing with the respective set of lawyers that the Joint Liquidators have retained, and third-party specialists engaged to assist with the process
- 4.51 The agreed strategy that has been implemented by the Joint Liquidators here is with a view to either (1) mitigating a creditor claim from the creditors in question, and/or (2) securing a settlement sum from a creditor.
- 4.52 In the Reporting Period, the Joint Liquidators continued to gather as much information as possible from DFSA (and to some extent CPL).
- 4.53 Legal advice was also sought by the Joint Liquidators to assess the potential for any realisations for the benefit of the Liquidation estate.
- 4.54 The information that has been obtained has enabled the Joint Liquidators to make an informed decision on the merits of pursuing a counter-claim strategy in both instances and was sufficient to warrant pursuing both matters further having consulted with our advisers and the Liquidation Committee.
- 4.55 DFSA has assisted where possible and expert witness advice has been sought where appropriate, to substantiate the Company's position.
- 4.56 Letters of Claims have been issued to both parties during the Reporting Period that were both as comprehensive and fully detailed as they could be to strengthen the possibility of bringing them to the table to negotiate either (1) a settlement and/or (2) a full rejection of their claim in the Liquidation estate.
- 4.57 Unfortunately, the Joint Liquidators are not able to disclose the identity of either of the two "defendants" in these counter claims being pursued so as not to prejudice any actions that need to be taken by the Joint Liquidators.
- 4.58 It is hoped that we will be able to have a pre-action protocol without prejudice meeting with both parties in the next month or so having compiled further witness evidence from independent expert witnesses as well as seeking representations / comments from DFSA to bolster our chances of success.
- 4.59 There have been significant exchanges of correspondence and dialogue on both fronts recently between the two parties and their respective advisers, but the Joint Liquidators are now starting to see fully the frustrations of construction litigation as the other sides both appear keen to frustrate matters as best they can to try and persuade the Liquidators to drop their claims.
- 4.60 However, this is not going to happen given the amount of time and effort that has been invested in these counter-claims and the Joint Liquidators believe that we are in a strong position on both counts to at least mitigate any creditor claim being admitted in the Liquidation estate.
- 4.61 DFSA has incurred significant costs in rectifying the issues arising from these two parties' works that were undertaken to an unsatisfactory standard and has subsequently indicated that they are willing to assign whatever claims they may have against these parties to the Joint Liquidators so that any realisations can be made available to the general body of creditors.

- 4.62 Should these counter claims be successful then they could result in further recoveries for the Liquidation estate. However, it remains likely that they will result in reduced or nil claims from the creditors in question. The net position of either outcome is of benefit to the general body of creditors and the quantum of distribution due to be declared.
- 4.63 The Joint Liquidators are unable to comment further on these matters so as not to prejudice any potential outcome for the benefit of the Liquidation estate.
- 4.64 A further update will be provided to all creditors in the next progress report.

Warranties and Bonds – Various Creditors

- 4.65 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.
- 4.66 Information has been provided by DFSA detailing some purported warranty works that needed completing by several subcontractors on the Carrington Power contract.
- 4.67 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.
- 4.68 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.
- 4.69 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.
- 4.70 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.
- 4.71 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.
- 4.72 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.

Bank Interest

- 4.73 In the interests of maximising the outcome of the Liquidation for the Company's creditors, the Joint Liquidators have placed £5M into a deposit bank account that offers higher rates of interest.
- 4.74 As such, bank interest totalling £19,161 has been received in the Reporting Period.

Other Assets

- 4.75 At this stage, the Joint Liquidators are not aware of any other assets of the Company.

Other Matters

- 4.76 In the Reporting Period, one of the Company's creditors and one of the members of the Liquidation Committee reached an agreement with DFSA, DFOUK, and DFMUK in respect of the outstanding balances due totalling circa £4.5m.
- 4.77 During the Reporting Period, DFSA and its associated companies have repaid this debt in full under the terms of a settlement agreement reached between the relevant parties.
- 4.78 As a result of this settlement agreement, the member of the Liquidation Committee is no longer a creditor of DFUK.
- 4.79 As such, the Joint Liquidators filed the requisite documentation with Companies House to the effect that there has been a change in the constitution of the Liquidation Committee.
- 4.80 There are now only four creditor members of the Liquidation Committee.
- 4.81 As part of the settlement agreement, the balance due to this former member of the Liquidation Committee has now been effectively assigned to DFSA (and to the extent that this applies to them, DFOUK and DFMUK).

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 complied with their statutory obligation to file this report. The content of this report is confidential.
- 5.4 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.
- 5.5 The Joint Liquidators' investigations into the affairs of the Company remain ongoing. However, as things stand, there is nothing that has been identified that would warrant further investigation or pursuit of claims.
- 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
DFSA	27,325,120
DFOUK	7,074,547
DFMUK	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, but not yet adjudicated upon, total £58,545,265. However, creditors should note that some of these are subject to dispute and/or counter claims and may be reduced accordingly in due course.

- 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 initially received the following connected party claims at the outset of the Liquidation:
- | | |
|--------------------|-------------|
| ➤ Duro Felguera SA | £27,325,130 |
| ➤ DFOUK | £ 7,074,547 |
| ➤ DFMUK | £ 1,675,032 |
- 6.12 For the avoidance of doubt, these claims have not yet been admitted for dividend purposes and 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 at the same time we adjudicate 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 back in April 2017.
- 6.15 Further dialogue has taken place with them and they are still considering their position.
- 6.16 However, they have suggested that they are willing to look at waiving an element of the DFSA claim but not their claims as subcontractors i.e. DFOUK and DFMUK. This appears to be an acceptable starting point from dialogue that has taken place with the Liquidation Committee.
- 6.17 It should also be pointed out here that these claims may also need to be adjusted (upwards) for costs that DFSA have incurred in terms of remedial works that have been completed by them on the Carrington Power site.
- 6.18 In addition, DFSA's claim has increased in the Reporting Period because of the creditor claim discharged as outlined in section 4 of this report.
- 6.19 At this stage it is still unclear at what level these intercompany claims will be admitted at, but all the factors referred to above will be considered when it comes to adjudication of these claims at the appropriate time.
- 6.20 Furthermore, and as detailed earlier in this report, DFSA has indicated it is willing to assign whatever claims it 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 Company's general body of creditors.
- 6.21 A further update will be provided to creditors in due course.

Dividend Prospects

- 6.22 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.
- 6.23 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 discharged from these funds.

- 6.24 The quantum and exact timing of any distribution remains uncertain and 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 Joint Liquidators; and
 - The outstanding costs of the Liquidation yet to be discharged.
- 6.25 Unfortunately, a Liquidation procedure is not a quick process, especially when considering the complex dealings that DFUK was party to.
- 6.26 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.
- 6.27 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.
- 6.28 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.
- 6.29 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.
- 6.30 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.
- 6.31 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.
- 6.32 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.
- 6.33 If you have not yet submitted your claim against the Company and wish to do so, please find attached a Proof of Debt form at Appendix 4 to complete and return to the Joint Liquidators together with supporting documentation to substantiate your claim.

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 which ultimately acts as cap on fees at that level.

- 7.3 The time costs charged in the Reporting Period are analysed at Appendix 3 and total £99,872. This relates to 280 hours at an average hourly rate of £357.
- 7.4 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 £45,835 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 £16,623 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 £9,993 has been incurred under the heading Statutory Matters. This includes requisite filings at Companies House, preparation and issue of the Joint Liquidators' first annual progress report to creditors dated 23 May 2018.
 - An amount of £3,935 has been incurred under the heading Creditors' Committee in respect of the Liquidation Committee. This has involved keeping the Liquidation Committee periodically apprised of developments in the Liquidation and seeking their consent to relevant matters as they have arisen.
- 7.5 Since the Appointment Date, total time costs of £375,021 have been incurred, representing 1,154 hours at an average rate of £325 per hour. A breakdown of these time costs can be found at Appendix 3.
- 7.6 The Joint Liquidators have drawn the sum of £327,500 plus VAT in respect of time costs incurred to date, of which £67,500 was drawn in the Reporting Period.
- 7.7 Consideration will be given to the Joint Liquidators drawing further fees up to the quantum of their fee estimate upon finalisation of outstanding asset realisations.
- 7.8 Based on current information, it remains anticipated that the Joint Liquidators fees will remain within the fee estimate. If this does change however, then the Joint Liquidators will notify both the Liquidation Committee and the general body of creditors accordingly.
- 7.9 The Joint Liquidators have incurred expenses in dealing with the Liquidation of the Company in the Reporting Period, also detailed at Appendix 3.
- 7.10 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.
- 7.11 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 during the next 12-month period ending 11 April 2020 and are working towards realising the remaining assets, and settle the ongoing counter claims, adjudicate upon creditor claims and declare a dividend to non-preferential creditors as soon as reasonably possible.
- 9.2 In the meantime, if you require any further information please contact Sophie Loughnane of this office.



Steven Muncaster
Joint Liquidator

Appendix 1

Statutory Information

Date of Incorporation	21 December 2011
Registered Number	07889106
Company Director	Fuentes Felgueroso
Shareholder	Duro Felguera S.A.
Former Trading Address	Carrington Ccgt Construction Site 132 Manchester Road Carrington Manchester M31 4AY
Former Registered Office	Carrington Ccgt Construction Site 132 Manchester Road Carrington Manchester M31 4AY

Appendix 2

Joint Liquidators' Receipts and Payments Account

Duro Felguera UK Limited
(In Liquidation)
Joint Liquidatorss' Summary of Receipts & Payments

Statement of Affairs £	From 12/04/2018 To 11/04/2019 £	From 12/04/2017 To 11/04/2019 £
	ASSET REALISATIONS	
	Bank Interest Gross	19,161.35
932.44	Cash at Bank	37,502.33
	CPL Settlement Agreement debt	NIL
Uncertain	Current investments	NIL
2,404.39	Euro Account (converted)	NIL
Uncertain	Trade Debtors - Carrington Power Limi	NIL
83,633.50	Trade Debtors - Other	23,693.29
1,868,146.79	Vat Refund	1,834,888.11
		<u>5,682,350.43</u>
	COST OF REALISATIONS	
	Agent Fees - Buro	6,168.75
	Agent Fees - Matrix	18,084.75
	Agent Fees - Rolf Clayton	7,980.00
	Bank Charges	50.00
	Legal Disbursements - other	(10,000.00)
	Legal Fees	99,088.98
	Liquidators' disbursements	560.55
	Liquidators' remuneration	67,500.00
	Petition Fees	NIL
	Pre Insolvency Remuneration	NIL
	Statutory Advertising	NIL
		<u>(189,433.03)</u>
	UNSECURED CREDITORS	
(1,675,032.08)	DF Mompres, SAU - UK	NIL
(7,074,547.42)	DF Operaciones Y Montases - UK	NIL
(27,325,120.27)	Duro Felguera S.A	NIL
(3,741,958.63)	Trade & Expense Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(20,000.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(37,881,541.28)	(132,769.35)	5,089,054.73
	REPRESENTED BY	
	Floating No 2 Account	5,018,829.38
	Floating/main current account	48,098.04
	General VAT control account	19,714.76
	VAT receivable	2,412.55
		<u>5,089,054.73</u>

Appendix 3

Analysis of Time Charged and Expenses Incurred

77611 DURO FELGUERA UK LIMITED

ANALYSIS OF LIQUIDATORS TIME COSTS FOR THE PERIOD 12/04/2018 to 11/04/2019

CVL-Creditors Vol Liquidation - Post Appt.

Classification of Work Function	Hours					Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant	Support			
Administration and Planning								
Case review & Case Diary management	2.00	0.70	1.60	4.70	0.00	9.00	2,499.50	277.72
Cashiering & accounting	0.00	3.70	9.20	14.95	0.00	27.85	7,426.25	266.65
IPS set up & maintenance	0.00	0.00	0.00	0.05	0.00	0.05	9.00	180.00
Statutory matters (Meetings & Reports & Notices)	0.00	5.40	0.70	34.10	5.65	45.85	9,993.25	217.96
Strategy planning & control	3.00	9.40	2.90	0.95	2.20	18.45	6,813.50	369.30
Tax Compliance / Planning	0.00	3.40	0.00	0.00	0.00	3.40	1,428.00	420.00
Creditors								
Communications with Creditors / Employees	7.00	28.90	1.30	1.70	0.30	39.20	16,623.00	424.06
Creditors committee	0.00	4.10	7.50	0.00	0.00	11.60	3,934.50	339.18
Non Pref Creditor claims adjudication & dist'n	0.00	0.00	0.00	5.00	0.00	5.00	1,050.00	210.00
Non Pref Creditors / Employee claims handling	0.00	0.00	0.00	0.50	0.00	0.50	86.00	172.00
Realisation of Assets								
Book debts	0.50	108.50	0.00	0.00	0.00	109.00	45,835.00	420.50
Other Intangible Assets	0.00	0.00	0.30	0.60	0.00	0.90	157.50	175.00
Other Tangible Assets	1.00	0.90	0.00	0.00	0.00	1.90	908.00	477.89
Pre-Appointment Tax Reclaims	0.00	7.40	0.00	0.00	0.00	7.40	3,108.00	420.00
Total Hours:	13.50	172.40	23.50	62.55	8.15	280.10		356.56
Total Fees Claimed: £	7,155.00	72,437.00	7,245.00	12,097.25	937.25		99,871.50	

Category 2 Disbursements:

ANALYSIS OF LIQUIDATORS TIME COSTS FOR THE PERIOD 12/04/2017 to 11/04/2019

CVL-Creditors Vol Liquidation - Post Appt.

Classification of Work Function	Hours					Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant	Support			
Administration and Planning								
Case review & Case Diary management	2.00	1.40	1.60	14.30	1.60	20.90	4,983.50	237.49
Cashiering & accounting	1.00	8.30	13.30	24.00	12.45	59.05	14,291.25	242.02
Dealings with Directors and Management	3.00	10.90	0.00	13.90	0.00	27.80	9,087.00	326.87
IPS set up & maintenance	0.00	0.00	0.00	1.30	0.70	2.00	280.75	140.38
Insurance	0.00	0.00	0.00	2.30	0.00	2.30	483.00	210.00
Statutory matters (Meetings & Reports & Notices)	5.50	19.90	0.70	71.05	13.35	115.70	27,609.50	238.63
Strategy planning & control	9.00	53.80	2.90	17.85	29.15	112.70	34,947.75	310.10
Statement of affairs	0.00	0.30	0.00	0.00	0.00	0.30	126.00	420.00
Tax Compliance / Planning	1.00	7.30	0.00	2.30	0.70	11.30	4,159.50	368.10
Creditors								
Communications with Creditors / Employees	22.50	148.10	1.30	15.65	1.70	189.25	77,807.25	411.13
Creditors committee	3.00	61.00	7.50	45.30	0.00	116.80	38,935.50	333.35
Non Pref Creditor claims adjudication & dist'n	0.00	14.20	0.00	5.90	2.20	22.30	7,456.00	334.35
Non Pref Creditors / Employee claims handling	0.00	0.00	0.00	29.70	4.35	34.05	6,718.25	197.31
Pref claims adjudication & 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	0.50	197.20	0.00	36.40	33.05	267.15	94,533.75	353.86
Other Intangible Assets	0.00	0.00	0.30	9.10	0.00	9.40	1,942.50	206.65
Other Tangible Assets	3.00	38.10	0.00	0.20	0.00	41.30	17,634.00	426.97
Pre-Appointment Tax Reclaims	0.00	33.20	0.00	25.30	3.65	62.15	19,676.75	316.60
Retention of Title & Claims handling	0.00	0.00	0.00	1.40	1.70	3.10	489.50	157.90
Total Hours:	52.50	601.40	27.60	359.95	107.60	1,154.25		324.90
Total Fees Claimed: £	27,825.00	252,532.00	8,565.00	73,724.75	12,374.00		375,020.75	

Duro Felguera UK Limited (In Liquidation)
Joint Liquidators' Expenses

Company	Activity	Fee Basis	Reporting Period	
			Incurred	Amount Paid
			(£)	(£)
Professional Advisors				
Freeths LLP	Legal fees on counter-claims	Time costs	4,164.00	4,164.00
Clarke Willmott LLP	Legal fees on counter-claims	Time costs	19,680.98	19,680.98
Pinsent Masons LLP	Legal fees on counter-claims	Time costs	56,244.00	56,244.00
Pannone Corporate LLP	Legal fees on counter-claims	Time costs	19,000.00	19,000.00
Crowther Clayton Associates Limited	Expert witness fees in counter-claim evidence	Time costs	7,980.00	7,980.00
Matrix Corporate Services (UK) Limited	Agent fees in substantiating counter-claims	Time costs	18,084.75	18,084.75
Buro Happold Engineering	Agent fees in substantiating counter-claims	Time costs	1,837.50	1,837.50
TOTAL			✓ £126,991.23	£126,991.23

The Joint Liquidators' choice of professional advisors were 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.

The above costs are exclusive of VAT.

Appendix 4

Proof of Debt Form

Proof of Debt – General Form

Duro Felguera UK Limited (In Creditors' Voluntary Liquidation)	
Date of resolution for voluntary winding-up : 12/04/2017	
1.	Name of creditor (If a company please also give company registration number).
2.	For correspondence: Address of creditor
	REF:
	Contact telephone number of creditor
	Email address of creditor
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation.
4.	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 chairman or convenor of any meeting).
5.	If amount in 3 above includes outstanding uncapitalised interest please state amount. £
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).
7.	Particulars of any security held, the value of the security, and the date it was given.
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
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 5

Statement of Creditors' 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.