

Joint administrators' progress report from 19 April 2019 to 18 April 2020

Caparo Industries Plc
(in administration)

High Court of Justice, Chancery Division,
Birmingham District Registry
Case no. 8398 of 2015

18 May 2020

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Abbreviations and definitions

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

Abbreviation or definition	Meaning
Company	Caparo Industries Plc
Administrators	David Matthew Hammond and Toby Scott Underwood
Group	Caparo Industries Plc, Caparo Engineering Ltd, BACo Realisations Ltd (formerly Bridge Aluminium Ltd), Material Measurements Ltd, GW 957 Ltd, Caparo Steel Products Ltd, Caparo Precision Strip Ltd, Caparo Precision Tubes Ltd, Caparo Vehicle Products Ltd, Caparo Vehicle Technologies Ltd, Caparo Modular Systems Ltd, Caparo Atlas Fastenings Ltd, Caparo Tube Components Ltd, Caparo Tube Components 2 Ltd, Caparo Accles & Pollock Ltd and Caparo Advanced Composites Ltd
CAF	Caparo Atlas Fastenings Limited
CPT	Caparo Precision Tubes Limited
IR16	Insolvency (England and Wales) Rules 2016
Firm	PricewaterhouseCoopers LLP
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
IA86	Insolvency Act 1986
HMRC	HM Revenue & Customs
Secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Secured Lenders	Barclays Bank Plc and Royal Bank of Scotland Plc
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)

ARMS	Atlantic Risk Management Services
Pension Scheme	Caparo 1988 Pension Scheme
IDF	Invoice discounting facility
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by David Matthew Hammond and Toby Scott Underwood as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/caparo-cip. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David Matthew Hammond and Toby Scott Underwood have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of Caparo Industries Plc in the 12 months since our last report dated 14 May 2019.

You can still view our earlier reports on our website at www.pwc.co.uk/caparo-cip. Please get in touch with Ruth Turner on 0113 289 4000 or at ruth.e.turner@pwc.com if you need the password to access the reports.

How much creditors may receive

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

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured creditors		
- Secured Lenders	100p/£	100p/£
- Pension Scheme	100p/£	100p/£
- Caparo Group Limited	Uncertain	Uncertain
Preferential creditors	100p/£	100p/£
Unsecured creditors	0p/£	0p/£

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

The Secured Lenders and the Pension Scheme (for part of its claim) have security across the Group's assets. The other Secured Creditor is Caparo Group Ltd, which has security relating to the Company's shares in Caparo India Ltd.

Prior to the administration, the Group entered into an IDF with the Secured Lenders. The relevant debts were being collected by the Secured Lenders' agent, ARMS, (as opposed to the Administrators) and subsequently by the respective purchasers and then by the Administrators (detailed below). The net funds received reduced the amount the Group owed the Secured Lenders.

As previously reported, following a successful period of trading and various sales of the businesses and assets across the Group, the Secured Lenders and the Pension Scheme's reducible (secured) amounts were repaid in full.

The level of Preferential Creditors significantly reduced as a result of the going concern sale of the business and the payment of arrears of wages and salaries as part of the trading costs. Preferential Creditor claims totalling £18,116 were paid in full in October 2017.

The position for Unsecured Creditors remains as previously reported: based on the current estimates of realisations and costs in the Company and across the Group, we expect that there will be no distribution to Unsecured Creditors. However, our investigations are ongoing, and could result in outcomes that would improve the funds available for the Company's creditors. To allow this investigation work to continue, we sought the Court's agreement to extend the administration for another 12 months until 18 October 2020, and the court approved this request on 3 September 2019.

Due to the ongoing and complex nature of the investigation work, it still appears unlikely that the work will be concluded by the expiry of the current extension period in October 2020. If this is the case, then we shall need to seek a further extension to the period of the administration from the court. Details of any such extension will be given in our next report to creditors.

In accordance with an order of the High Court dated 5 September 2017, the Administrators are reporting to the creditors on an annual basis. Our next report to creditors will therefore be in approximately 12 months' time, or at the end of the administration if earlier.

What you need to do

This report is for your information and you don't need to do anything. However, should you wish to submit a claim, a claim form can be downloaded from our website at www.pwc.co.uk/caparo-cip or you can get one by telephoning Ruth Turner on 0113 289 4000.

Progress of the administration

Background

Creditors will recall that the Group was a diversified industrial group with headquarters in the Midlands and London. If you wish to review further information on the background of the Group and the Company, please see our earlier reports and proposals, available on our website.

The administrations of the other 15 companies in the Group have ended. Five of those companies went into Creditors' Voluntary Liquidation (Caparo Steel Products on 25 April 2017; Caparo Atlas Fastenings Limited and Material Measurements Limited on 26 April 2017; Caparo Precision Tubes Limited on 28 April 2017, and Caparo Engineering Limited on 26 October 2018) and these companies remain in liquidation. The other companies exited via a dissolution route.

Trading

The key trading activities completed during the administration were generally managed on a Group wide basis due to the way the Group operated. These included liaising with multiple suppliers to agree the final trading positions in relation to motor vehicles, mobile phones, utilities, non-domestic rates and general trading suppliers and recharging costs where appropriate across the Group. It was imperative that the Head Office function was maintained in order to operate the Group's systems, payroll and other central functions. This was critical to optimising the outcome for creditors of the Company and of the other companies in the Group for a variety of reasons, including:

- it secured going concern premiums for other asset classes, particularly book debts, plant and machinery and property; and
- through the payment of arrears of wages, as part of our trading costs, and the achievement of a going concern sale, we have significantly reduced preferential creditor claims.

The recharging exercise is now complete and the trading surplus of £257,567 shown in the receipts and payments account at Appendix A is expected to represent the final outcome.

Asset realisations

• Book debts

At the time of the last report, we advised that all known realisable debts had been collected and reconciliations undertaken to ensure that these were correctly accounted for by entity, pre and post administration amounts and amounts due to purchasers of the businesses. Commissions due for collection assistance had been settled in full.

We continue to monitor any debts which may become realisable, but do not anticipate any further realisations from this source at this time.

• Other assets

In the previous report we described undertaking a large and complex reconciliation of the VAT position across the Group to ensure that each company has accounted to HMRC, and been reimbursed for, the correct amount of VAT. It became apparent during this exercise that some of the previously closed insolvent estates should have received some further small VAT refunds, with a combined total of £50,257. These estates were therefore charged amounts equivalent to the refunds as contributions to the costs incurred by the Company in finalising the VAT reconciliation on their behalf. This recovery is shown in the receipts and payments account as 'Other asset realisations'.

• Interest

During the period, we have realised £32,898 in respect of gross interest on funds held.

Investigations and actions

In line with our statutory duties, during the period covered by this report we have continued our investigations on activities of the Group prior to our appointment. This is the main area of continuing work in the administration. Due to the confidential nature of this work, further detail has not been discussed in this report.

As part of this work, we have external legal advisors who are advising the Administrators on this matter. Their costs are recognised as an expense of the administration, and included within Professional and Legal Fees and Expenses in our schedule of expenses in Appendix B.

Tax and VAT

During the period of this report, our specialist tax and VAT teams have continued to prepare and submit returns to HMRC under our statutory duties for this Company.

Statutory

As most of the insolvent estates have reached the position where realisations (apart from investigations and intercompany dividends) have now been completed and the relevant expenses been settled, we undertook a further marshalling exercise to ensure that the amounts due to the secured creditors were paid as far as possible from the companies which owed the money, rather than by guarantor companies. This marshalling exercise resulted in the Company making a payment to CPT in respect of the Company's secured debt which had been met by CPT. A further marshalling exercise may be needed in due course if further realisations are achieved in any of the open insolvent estates.

At the same time, we concluded a reconciliation of the amounts which had been loaned between the group company estates, resulting in a repayment of £2m to CAF during the period.

The court had previously granted extensions to the administration which were due to expire on 18 October 2019. Due to the need to continue with the investigation work, the Court has ordered a further extension of 12 months to the period of the Administration, which is now due to expire on 18 October 2020.

The Court had previously ordered that progress reports to creditors could be submitted on an annual basis. Accordingly, there was no progress report for the period ending 18 October 2018 and this report period is for 12 months.

What remains to be done

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

- Investigations - ongoing enquiries and consideration of next steps following the review of activities prior to our appointment;
- a final marshalling exercise, if required;
- VAT compliance: Completing the relevant returns and deregistering this Company prior to closure of the administration;
- Statutory and compliance: Dealing with other compliance matters such as progress reports, a possible extension from court, final account and correspondence with creditors; and
- Distributions: If it becomes apparent that a dividend will be available to Unsecured Creditors, agreeing and paying an unsecured distribution.

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

Changes of administrator

Since the date of the last report Ian David Green, one of the previous joint administrators, has resigned from office as Administrator of the Company due to change in his roles within the firm. An application was made to the Court to remove him as joint administrator of the Company. The application was granted and so Ian Green was removed as joint administrator with effect from 19 December 2019. He will be released from all liability in respect of his conduct as administrator with effect from 28 days from the date of this report. Creditors have 28 days from receiving this notice to apply to Court to vary or discharge the Court order.

Toby Scott Underwood and I, the remaining administrators of the Company, do not think it is necessary for a third administrator to be appointed to replace Ian David Green.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 19 April 2019 to 18 April 2020.

Our expenses

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

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

Our fees

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

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

You can also get a copy free of charge by telephoning Ruth Turner on 0113 289 4000.

Next steps

We continue to investigate whether there are further recoveries to be made or actions to be brought. We think it is likely that a further extension to the current extension period of 18 October 2020 will be required in order to complete the investigation work and bring matters to a conclusion. During the next 12 month period we shall be working with our legal advisers to prepare the relevant paperwork to support the extension application.

If you've got any questions, please get in touch with Ruth Turner on 0113 289 4000.

Yours faithfully
For and on behalf of the Company



David Matthew Hammond

Joint administrator

Appendix A: Receipts and payments

Receipts and Payments Account as at 18 April 2020

As per
Directors'
Statement of
Affairs

£	Assets subject to a fixed charge	Notes	19/10/2015 to 18/04/2019 £	19/04/019 to 18/04/2020 £	Total to 18/04/2020 £
Receipts					
3,000,000	Land and property		1,679,589	-	1,679,589
300,000	Shares		2,400,000	-	2,400,000
	Third party funds	1	2,768,680	(2,733,151)	35,529
	Motor vehicles		19,836	-	19,836
	Interest		26,334	-	26,334
	Total receipts		6,894,439	(2,733,151)	4,161,288
Payments					
	Professional and legal fees		(27,055)	-	(27,055)
	Bank charges		(55,384)	-	(55,384)
	Total payments		(82,439)	-	(82,439)
Distributions					
	Secured creditor		(708,885)	-	(708,885)
	Total payments		(708,885)	-	(708,885)
	Cash in hand		6,103,115	(2,733,151)	3,369,964
Assets subject to a floating charge					
£	Receipts		£	£	£
73,000	Other asset realisations		119,733	50,257	169,990
	Third party funds		252,761	-	252,761
	Group Company funding	2	1,999,086	(2,000,000)	(914)
	Interest		11,286	32,898	44,184
	Total receipts		2,382,866	(1,916,846)	466,020
Payments					
	Professional and legal fees		(568,835)	(591,427)	(1,160,262)
	IT hosting costs		-	(88,029)	(88,029)
	Agents' fees and expenses		-	(36,398)	(36,398)
	Statutory advertising		(3)	-	(3)
	Pre-appointee fees & expenses		(27,088)	-	(27,088)
	Office holders' fees and expenses	3	(1,709,752)	-	(1,709,752)
	Bank charges		(23,736)	(30)	(23,766)
	Preferential distributions (100p in the £ paid October 2017)		(18,116)	-	(18,116)
	Corporation tax		-	(2,487)	(2,487)
	Taxation costs		-	(2,629)	(2,629)
	Electronic data storage		-	(37)	(37)
	Insurance		-	(5,642)	(5,642)
	Net trading position		257,567	-	257,567
	Total payments		(2,089,965)	(726,679)	(2,816,644)
	Cash in hand		292,901	(2,643,525)	(2,350,624)
Trading Receipts and Payments Account					
	Receipts		£	£	£
	Other receipts		253,263	-	253,263
	Book Debts		519	-	519
	Total receipts		253,782	-	253,782
Payments					
	Wages and salaries		(11,061)	-	(11,061)
	PAYE / NI and other employee costs		(61,803)	-	(61,803)
	Utilities and Rates		5,211	-	5,211
	Insurance		(510)	-	(510)
	Trading costs		21,318	-	21,318
	Rent		50,629	-	50,629
	Total payments		3,784	-	3,784
	Net trading position		257,567	-	257,567
	VAT control account		50,456	(161,253)	(110,797)
	Bank balance*		6,446,472	(5,537,928)	908,544

*funds held in interest bearing account (rounded to the nearest £)

Notes to the Receipts and Payments account

1) Secured distributions were previously paid from only a number of Group companies. Owing to the cross guarantee in favour of the Secured Lenders and Pension Scheme, a marshalling exercise to correctly allocate these distributions across all Group companies has been carried out. This has been completed for a number of Group companies, to enable closure of these insolvent estates. Further marshalling is still to be carried out, at which point we expect these funds to be redistributed to other Group companies and therefore these funds currently sit in third party funds.

2) The Company has received funding for making payments on behalf of certain Group companies. This was repaid during the period.

3) An exercise to apportion our fees between fixed and floating charges is yet to be finalised. The fees taken in the Company in isolation are subject to change.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Expenses incurred to 18 April 2019 (£)	Expenses incurred in the period (£)	Total expenses incurred (£)	Estimated future expenses (£)	Total estimated expenses (£)	Initial estimate (£)	Variance (£)
Trading expenses							
Wages & salaries	11,061	-	11,061	-	11,061	547,450	536,389
PAYE/NIC and other employee costs	61803	-	61803	-	61803	465962	404159
Trading costs	(21,319)	-	(21,319)	-	(21,319)	937,803	959,122
Utilities & rates	(5,211)	-	(5,211)	-	(5,211)	101,905	107,116
Insurance	510	-	510	-	510	128,421	127,911
Rent	(50,629)	-	(50,629)	-	(50,629)	-	50,629
Total trading expenses	(3,785)	-	(3,785)	-	(3,785)	2,181,541	2,185,326
Other expenses							
Professional and legal fees and expenses	698,359	190,499	888,857	500,000	1,388,857	182,874	(1,205,983)
IT hosting costs	-	88,029	88,029	60,000	148,029	-	(148,029)
Office holders' costs	3,703,011	330,040	4,033,051	567,503	4,600,554	1,680,757	(2,919,797)
Office holders' disbursements	101,165	1,342	102,507	750	103,257	49,250	(54,007)
Pre administration costs	27,088	-	27,088	-	27,088	31,876	4,788
Agents' fees and expenses	-	36,398	36,398	73,602	110,000	-	(110,000)
Corporation tax	-	2,487	2,487	1,000	3,487	-	(3,487)
Taxation costs	-	2,629	2,629	-	2,629	-	(2,629)
Electronic data storage	-	37	37	-	37	-	(37)
Insurance	-	5,642	5,642	-	5,642	-	(5,642)
Statutory advertising	3	-	3	73	76	67	(9)
Bank charges	79,120	-	79,120	100	79,220	33,639	(45,581)
Total other expenses	4,608,746	657,103	5,265,849	1,203,028	6,468,877	1,978,463	(4,490,414)
Total expenses (excluding VAT)	4,525,841	657,103	5,262,064	1,203,028	6,465,091	4,160,004	(2,305,087)

Where the total incurred expense in a particular category has exceeded the initial estimate, this reflects a need to incur additional cost in order to ensure returns to creditors are maximised.

The trading costs incurred by the Company have been recharged to the Group companies who benefited, together with premiums to recover some of the costs where possible. As a result, the net trading expenses are significantly less than the original estimates.

Appendix C: Remuneration update

Our fees were approved on a time cost basis by the Secured Creditors at the meeting by correspondence on 22 March 2016. To 18 April 2020, we have drawn fees of £1,610,136 in line with the approval given.

As with our previous reports, we report below an analysis of the time by reference to calendar month periods – in this case from 1 April 2019 to 31 March 2020. The time cost charges incurred in the year to 31 March 2020 are analysed below but may not necessarily reflect how much we will eventually draw as fees for this period.

Our time costs for the reporting period 19 April 2019 to 18 April 2020 total £372,795.

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

The total time costs of the Administration have exceeded the level of time costs set out in the fees estimate. The fees estimate acts as a cap on the amount we can draw as remuneration without seeking further approval from the relevant body of creditors. Approval to draw time costs in excess of the level set out in the fees estimate has not been sought at this stage, but we continue to liaise with the majority Unsecured Creditor in this regard and anticipate requesting further fees in due course.

Our time costs are higher than initially estimated because we and our staff have had to spend more time attending to a number of complex matters which have been addressed in the Administration which could not have been envisaged at the time of preparing our initial estimate. Incurring this additional time has been necessary in order to ensure a return to creditors.

Our hours and average rates

Category of Work	Period 01/04/19 to 31/03/20			Cumulative 19/10/15 to 31/03/20		Estimated Future		Initial Fees Estimate (£)	Variance (£)
	Hours incurred	Time costs incurred (£)	Average hourly rate (£/hour)	Hours incurred	Time costs incurred (£)	Time Cost (£)	Total Time Costs (£)		
Asset realisations									
Sale of business	-	-	-	182	78,425	-	78,425	51,449	(26,976)
Property	4	1,191	335	110	40,114	1,133	41,246	52,779	11,533
Debtors	1	402	365	167	52,211	-	52,211	3,871	(48,340)
Asset realisations - Total	5	1,592	342	459	170,750	1,133	171,883	108,099	(63,784)
Creditors	6	2,123	379	319	100,758	1,740	102,498	18,429	(84,069)
Employees and pensions	-	-	-	203	64,720	-	64,720	59,150	(5,570)
Trading									
Trading management	-	-	-	746	306,837	-	306,837	274,662	(32,175)
Accounting and treasury	-	-	-	824	223,162	-	223,162	134,836	(88,326)
Retention of title	-	-	-	102	39,618	-	39,618	8,013	(31,605)
Trading - Total	-	-	-	1,672	569,617	-	569,617	417,511	(152,106)
Investigations	447	194,661	435	5,041	1,899,262	500,000	2,399,262	566,306	(1,832,956)
Statutory and compliance	232	69,762	301	1,970	749,933	41,788	791,721	318,255	(473,466)
Tax and VAT	52	33,164	642	541	222,526	6,128	228,654	77,506	(151,148)
Project management, strategy and administration	82	28,738	351	838	255,483	16,715	272,198	115,502	(156,696)
Total hours and fees estimate	823	330,040	401	11,042	4,033,051	567,503	4,600,553	1,680,758	(2,919,795)

*Time less than an hour will show as zero hours in the table. Time costs are shown correctly.

Our time charging policy and hourly rates

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

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six

minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

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

Grade	Up to 30 June 2019 £	From 1 July 2019 £
Partner	890	900
Director	780	800
Senior Manager	590	605
Manager	510	525
Senior Associate - Qualified	465	435
Associate	265	270
Support Staff	135	140

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Up to 30 June 2019 £	From 1 July 2019 £
Partner	1,315	1,520
Director	1,390	1,465
Senior Manager	1,230	1,290
Manager	770	775
Senior Associate/Consultant	570	575
Associate/Assistant Consultant	305	305
Support Staff	250	250

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We haven't made any payments to associates during the period covered by this report.

Our work in the period and work we propose to undertake

The following table provides details of the work we propose to do (indicated by →), have already done (✓) or which is in progress (o). It provides a brief summary for each category rather than an exhaustive list of all possible tasks.

Area of work	Description	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	Property	Liaising with solicitors requesting administrators' consent to property transactions ✓	To ensure no delay to disposal of property over which the Company had restrictions registered	To mitigate possible claims against the insolvent estate (the Purchaser having provided indemnity for our costs)
	Insurance	<p>Reviewing insurance policies ✓</p> <p>Detailed discussions with insurer regarding initial and ongoing insurance requirements o</p> <p>Termination of insurance policies ✓</p>	<p>To ensure that appropriate insurance cover is in place at appropriate levels</p> <p>To protect the estate from possible claims (such as public liability claims)</p> <p>So that recoveries can be made from pre-insolvency policies</p>	<p>Mitigate the risk of any potential losses to creditors from damage to assets or from possible claims</p> <p>Realisations from pre-administration policies</p>
Creditors	Creditor enquiries	<p>Updating website with reports and information for creditors o</p> <p>Receiving and following up creditor enquiries via telephone, email and post o</p> <p>Reviewing and preparing correspondence to creditors and their representatives o</p> <p>Receiving and filing proofs of debt o</p> <p>Dealing with confirmation of debt forms and liaising with credit insurers o</p>	<p>To comply with regulatory requirements or statute</p> <p>Respond to queries from various stakeholders</p>	Required by IA86 or IR16 or a regulator requirement
	Secured Creditors	<p>Preparing reports to Secured creditor o</p> <p>Responding to Secured Creditors' queries o</p> <p>Preparing time costs reports for Pension Scheme o</p>	<p>Stakeholder management</p> <p>Dealing with specific reporting requirements as necessary</p>	<p>Required by IA86 or IR16 or a regulator requirement</p> <p>The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records</p>
	Shareholder enquiries	Responding to any shareholder queries o	Stakeholder management	Required as a regulator requirement

Employees and pensions	Communications with employees	Receiving and following up employee enquiries via telephone, post and email o	In order to consult with employees appropriately and provide information as may be required	To mitigate possible claims against the insolvent estate In line with regulatory requirements
	Redundancy related work	Liaising with the RPS and external agencies o	In order to allow a fair and proper process to take place	Consultation in line with legal and regulatory requirements
	Pensions	Dealing with general pension scheme issues and the Pension Protection Fund o	Required as a regulatory requirement	Required as a regulatory requirement
	Processing receipts and payments	Entering receipts and payments into accounting system ✓	To pay trading administration expenses Maintain the accounts and records of the insolvent estate	Statutory duties to: – manage the affairs, business and property of the company - settle expenses in the prescribed order of priority - keep proper books and records
Investigations	Conducting investigations	Reviewing specific transactions and liaising with directors regarding certain transactions ✓	Duty to take custody of the Company's books and records	Required by IA86 / IR16 or regulatory requirement
		Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills ✓	To comply with regulatory requirements or statute	
	Asset recoveries	Identifying potential asset recoveries o Instructing and liaising with solicitors regarding recovery actions o Holding internal meetings to discuss status of any litigation → Attending to negotiations and settlement matters →	To maximise realisations for the benefit of creditors as a whole	To maximise realisations for the benefit of creditors as a whole
Statutory and compliance	Case reviews	Conducting case reviews after the first month, then every six months o	To comply with regulatory requirements or statute	Required by IA86 / IR16 or regulatory requirement
	Progress reports and extensions	Preparing and issuing periodic progress reports to creditors and the Registrar o	To comply with regulatory requirements or statute	Required by IA86 / IR16 or regulatory requirement
		Making applications to creditors or court for the extension of the Administration and filing relevant notices o		
	Books and records	Dealing with records in storage o Sending case files to storage o	To maintain proper records	Required by IA86 / IR16 or regulatory requirement

	Other statutory and compliance	<p>Filing of documents o</p> <p>Updating checklists and diary management system o</p> <p>Reconciling the estimated outcome position across the Group o</p> <p>Marshalling Group debt and cross guarantee position o</p> <p>Preparing fee budgets & monitoring cost o</p> <p>Holding team meetings not relating to trading and discussions regarding status of administration o</p>	Statutory duty to maintain proper records	Required by IA86 / IR16 or regulatory requirement
Tax & VAT	Tax	<p>Carrying out tax review and subsequent enquiries ✓</p> <p>Preparing tax computations o</p> <p>Liaising with HMRC o</p> <p>Obtaining tax clearance →</p> <p>Submitting corporation tax returns o</p>	In compliance with duties as proper officers for tax	<p>Governance</p> <p>To ensure tax accounting is accurate for the benefit of creditors as a whole</p>
	VAT	<p>Carrying out VAT review and subsequent enquiries ✓</p> <p>Preparing and submitting VAT returns o</p> <p>Preparing and submitting bad debt relief o</p> <p>Liaising with HMRC o</p> <p>De-registration →</p>	In compliance with duties as proper officers for tax	<p>Governance</p> <p>To ensure tax accounting is accurate for the benefit of creditors as a whole</p>
Administration	Strategy and planning	Preparing and updating estimated outcome statement o	To resolve outstanding matters in line with the purpose of administration	The Administrators are required by statute to perform their functions as quickly and efficiently as possible
	Accounting and treasury	<p>Opening and closing bank accounts o</p> <p>Dealing with receipts, payments and journals not relating to trading o</p> <p>Carrying out bank reconciliations and managing investment of funds o</p> <p>Corresponding with bank regarding specific transfers o</p>	<p>To pay administration expenses</p> <p>Maintain the accounts and records of the insolvent estate</p>	<p>Statutory duties to:</p> <ul style="list-style-type: none"> - manage affairs, business and property of the company - settle expenses in the prescribed order of priority - keep proper books and records
	Closure procedures	Withdrawing undertakings not relating to trading and obtaining clearances from third parties o	To comply with regulatory requirements or statute	Required by IA86 / IR16 or regulatory requirement

Completing checklists and diary
management system →

Closing down internal systems
→

Finalise and close Administration
→

Discharge from liability →

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the Secured creditors where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying – At 12 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	210
2	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Rail fares	613
	Postage	39
	Hotel	202
	Insurance	241
	Document storage	37
Total in the period (see note below)		1,342
Brought forward		101,165
Total		102,507

Note: During the period of this report, the costs of an external IT hosting platform used in the investigations work were paid for by PwC. The costs incurred to date have been recovered from the estate as a category 1 disbursement. Due to its size, it is shown separately in both the receipts and payments account at Appendix A and the expenses table at Appendix B.

Our relationships

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

Details of subcontracted work

We have not subcontracted out any work during the period covered by this report.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: - Drafting and filing court application to extend period of administration - Advice in relation to property matters	DLA Piper UK LLP	- Industry knowledge and insolvency expertise - Knowledge of the Company	Time costs and disbursements
Legal services, including: - Advice in relation to investigations work - Counsel advice	Taylor Wessing LLP	- Industry knowledge and insolvency expertise - Knowledge of the Company	Time costs and disbursements
Historic rates recovery	CAPA	- Industry knowledge and insolvency expertise	Percentage of realisations
Insurance broker - Reviewing insurance requirements - Arranging insurance cover - Dealing with insurance claims	JLT Speciality Limited	Industry knowledge	Commission on premiums
Business valuation services	Smith & Williamson	Industry knowledge	Fixed fee

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

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

Appendix D: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Birmingham District Registry Case no. 8398 of 2015
Company's registered name:	Caparo Industries plc
Trading name:	n/a
Registered number:	00630473
Registered address:	8 th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL
Date of the joint administrators' appointment:	19 October 2015
Joint administrators' names, addresses and contact details:	David Matthew Hammond of PricewaterhouseCoopers LLP, One Chamberlain Square, Birmingham, B3 3AX and Toby Scott Underwood, 8 th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL Telephone number 0113 289 4000
Extensions to the initial period of appointment:	12 months to 18 October 2017 approved by creditors 24 months to 18 October 2019 approved by the Court 12 months to 18 October 2020 approved by the Court