
Joint Liquidators' progress report
from 26 October 2018 to 25 October
2019

Caparo Engineering Limited
(in liquidation)

13 December 2019

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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
ARMS	Atlantic Risk Management Services
CDDA	Company Directors' Disqualification Act 1986
Company	Caparo Engineering Limited
CPS	Caparo Precision Strip Ltd – in Administration
CVL / liquidation	Creditors' voluntary liquidation
firm	PricewaterhouseCoopers LLP
Group	Caparo Industries Plc, Caparo Engineering Ltd, BACo Realisations Ltd (formerly Bridge Aluminium Ltd), Material Measurements Ltd, GW 957 Ltd, Caparo Steel Products Ltd, Caparo Precision Strip Ltd, Caparo Precision Tubes Ltd, Caparo Vehicle Products Ltd, Caparo Vehicle Technologies Ltd, Caparo Modular Systems Ltd, Caparo Atlas Fastenings Ltd, Caparo Tube Components Ltd, Caparo Tube Components 2 Ltd, Caparo Accles & Pollock Ltd and Caparo Advanced Composites Ltd
HMRC	HM Revenue & Customs
IDF	Invoice discounting facility
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
Liquidators	David Matthew Hammond from 26 October 2018 to present Toby Scott Underwood from 10 May 2019 to present Anthony Steven Barrell from 26 October 2018 to 10 May 2019
Pension scheme	Caparo 1988 Pension Scheme
Plc	Caparo Industries Plc – in Administration
PPF	Pension Protection Fund
Preferential Creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances

Prescribed Part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Secured Creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Secured Lenders	Barclays Bank Plc and Royal Bank of Scotland Plc
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured Creditors	Creditors who are neither secured nor preferential

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 12 October 2018.

You can still view our earlier reports on our website at www.pwc.co.uk/caparo-cel. Please get in touch with Rebecca Tidmarsh on 0113 289 4612 or at rebecca.tidmarsh@pwc.com if you need any of the passwords 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 £)	Paid in the previous administration (p in £)
Secured creditors:		
- Secured Lenders	100	100
- Plc	n/a	n/a
Preferential Creditors	100	100
Unsecured Creditors	1.497	1.05543

**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 Preferential Creditors were paid in full in the prior administration.

The Pension Scheme/PPF had security in various Group companies in respect of a limited portion of its debt. This limited amount has been recovered in full from security held in other Group companies. The Pension Scheme/PPF has therefore submitted an unsecured claim against the Company, effectively releasing any security it held over the Company's assets.

The other Secured Creditor, Plc, had security relating to the Company's shares in Bomet SA, a 51% owned subsidiary of the Company based in Poland. It was confirmed in the prior administration that the security had been released and there was no liability for the Company in this regard.

We paid a Prescribed Part dividend of 1.05543p in the £ to the Unsecured Creditors in the administration of the Company.

Following the Company's move to liquidation, a non-Prescribed Part dividend of 1.497p in the £ was subsequently declared to Unsecured Creditors of the Company on 29 May 2019. Total funds of £633,754 were distributed.

What you need to do

We do not know at this stage whether there will be funds available for a further distribution to Unsecured Creditors. The position remains uncertain until significant matters being dealt with in the Group are finalised, as they could have a material impact on the outcome for this Company.

However, should there be a future dividend and if you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/caparo-cel or you can get one by telephoning Rebecca Tidmarsh on 0113 289 4612.

Please note that should you wish to vote in relation to any decision procedure during the Liquidation or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

As part of our first communication with you in the liquidation, we are required to inform you about your right to opt out of receiving further documents relating to these proceedings. Appendix E contains further details on this right and how you may elect to opt out.

Overview of what we've done to date

On 19 October 2015, Anthony Barrell and I were appointed Joint Administrators of the Company. The administration ended on 26 October 2018 when the Company went into CVL and we were appointed as Liquidators. Toby Underwood replaced Anthony Barrell as Joint Liquidator on 10 May 2019, further details of this change of appointee are found on page 10.

At the end of the preceding administration the key outstanding matters were as follows:

- Distributions: Agreeing creditor claims and paying Unsecured Creditors dividend;
- VAT compliance: Completing the relevant returns and deregistering;
- Investigations: Consideration of next steps following the review of activities prior to our appointment; and
- Statutory and compliance: Dealing with other compliance matters such as move to CVL, initial letters, progress reports and correspondence with creditors.

Since our appointment, we have mainly been:

- Adjudicating Unsecured Creditor claims and declaring and paying a dividend of 1.497p in the £ to the Company's Unsecured Creditors;
- Submitting VAT returns and liaising with HMRC;
- Monitoring costs and carrying out Group wide debt marshalling;
- Conducting confidential investigation work;
- Completing the statutory requirements following the move from administration to liquidation; and
- Preparing the first progress report to creditors.

Information relating to the administration for the period after the administrators' final report

The receipts and payments account in the final administration report was made up to 12 October 2018, following which the Company moved in to liquidation on 26 October 2018. Please note there were no transactions in the period from 13 October 2018 to our appointment as Liquidators. Please see the receipts and payments account below for the final administration transactions:

Final administration receipts and payments account for the period 13 October 2018 to 26 October 2018

As per Directors' Statement of Affairs		Brought forward as at 12 October 2018	13 October 2018 to 26 October 2018	Total to 26 October 2018
	Assets subject to a fixed charge			
	£ Receipts		£	
1,440,000	Freehold land & property	738,145	-	738,145
906,000	Plant & machinery	432,074	-	432,074
	Investments	109,366	-	109,366
	Goodwill	904,552	-	904,552
	Intangible assets	1	-	1
	Book debts	2,055,749	-	2,055,749
	Total receipts	4,239,887	-	4,239,887
	Payments			
	Agents fees & expenses	253,286	-	253,286
	Professional & legal fees	51,914	-	51,914
	Office holders' fees	1,540,042	-	1,540,042
	Commissions relating to book debts	307,877	-	307,877
	Secured Creditor distributions	2,086,768	-	2,086,768
	Total payments	4,239,887	-	4,239,887
	Cash in hand	-	-	-

		Brought forward as at 12 October 2018	13 October 2018 to 26 October 2018	Total to 26 October 2018
	Assets subject to a floating charge			
	£ Receipts		£	
	Plant & machinery	691,257	-	691,257
1,306,000	Stock	114,509	-	114,509
730,000	Book debts	898,199	-	898,199
	Motor vehicles	3	-	3
	Fixtures & fittings	1	-	1
	Third party funds	-	-	-
300,000	Other asset realisations	89,709	-	89,709
	Pre appointment bad debt relief	18,926	-	18,926
	Net trading position (see below)	1,732,226	-	1,732,226
	Total receipts*	3,544,829	-	3,544,829
	Payments			
	Professional & legal fees	156,437	-	156,437
	Pre-appointee fees & expenses	39,857	-	39,857
	Office holders' fees	942,418	-	942,418
	Office holders' expenses	59,668	-	59,668
	Preferential distributions (100p in the £) paid 10 October 2017	49,182	-	49,182
	Statutory advertising	282	-	282
	Storage costs	5,294	-	5,294
	Bank charges	41	-	41
	Secured Creditor distributions	1,264,214	-	1,264,214
	Total payments*	2,517,393	-	2,517,393
	Unsecured dividend (1.05543p in the £) paid 14 August 2018	(442,575)	-	(442,575)
	Office holders' fees relating to the Prescribed Part	(38,113)	-	(38,113)
	Surplus from floating charge*	546,748	-	546,748
	Funds transferred to the Liquidators	(546,748)	-	(546,748)
	Cash in hand	-	-	-

	Brought forward as at 12 October 2018	13 October 2018 to 26 October 2018	Total to 26 October 2018
Trading receipts & payments account			
Receipts	£	£	£
Sales	2,648,468	-	2,648,468
Group company funding	(80,000)	-	(80,000)
Other receipts	759,930	-	759,930
Interest	5,241	-	5,241
VAT	-	-	0
Total receipts	3,333,639	-	3,333,639
Payments			
Wages & salaries	741,517	-	741,517
PAYE/NI & other employee costs	237,260	-	237,260
Trading costs	312,948	-	312,948
Utilities & rates	157,812	-	157,812
Insurance	82,972	-	82,972
Rent	21,158	-	21,158
ROT/ duress	47,417	-	47,417
Taxation	330	-	330
Total payments	1,601,413	-	1,601,413
Net trading position	1,732,226	-	1,732,226

Outcome for creditors

Secured creditors

The Secured Lenders held security across the Group's assets. Prior to the administration of the Company, the Group entered into an IDF with the Secured Lenders. The relevant debts were collected by the Secured Lenders' agent, ARMS, and subsequently by the respective purchasers and then by the Administrators. The collections received reduced the amount the Group owed the Secured Lenders.

As reported earlier in this report, the Pension Scheme/PPF had security in respect of a limited portion of its debt which has been recovered in full from security held in other Group companies, effectively releasing any security it held over the Company's assets.

The other Secured Creditor, Plc, had security relating to the Company's shares in Bomet SA, a 51% owned subsidiary of the Company based in Poland. As stated earlier in this report, it was confirmed in the prior administration that the security had been released and there was no liability for the Company in this regard.

Following a successful period of trading and various sales of the businesses and assets across the Group in the previous administration, the Secured Lenders were repaid in full.

Preferential creditors (mainly employees)

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 in the prior administration. Preferential Creditor claims totalling £49,182 were paid in full in October 2017.

Unsecured creditors

Dividends become available for Unsecured Creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential Creditors in full, with an amount left over. In certain circumstances, part of the amount available for Secured Creditors may be ring-fenced for the benefit of Unsecured Creditors. This Prescribed Part is paid out of 'net property', which is floating charge realisations after costs, and after paying - or setting aside enough to pay - Preferential Creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

The prescribed part applies in this case as there is a floating charge created after 15 September 2003.

The amount of the prescribed part is:

- 50% of net property up to £10,000;
- 20% of net property above £10,000; and
- Subject to a maximum of £600,000.

In the prior administration, we paid a dividend of 1.05543 pence in the £ to the Company's Unsecured Creditors totalling £442,575 from the Prescribed Part. This was based on net property (floating charge realisations less preferential claims and costs of realisation and the administration) of £2,388,441. This produced a Prescribed Part fund of £480,688, of which £38,113 was expensed for the Administrators' costs of agreeing unsecured claims and making the distribution.

Following the Company's move to liquidation, a non-Prescribed Part dividend of 1.497p in the £ was declared to Unsecured Creditors of the Company on 29 May 2019. Total funds of £633,754 were distributed.

As stated earlier in this report, we do not know at this stage whether there will be funds available for a further distribution to Unsecured Creditors. The position remains uncertain until significant matters being dealt with in the Group are finalised, as they could have a material impact on the overall recovery for this Company. A further dividend will also depend on the final level of liquidation costs.

Progress since we last reported

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 previous Administration reports and proposals, available on our website www.pwc.co.uk-caparo-cel

The Administrations of 15 of the 16 companies in the Group have ended. Plc is still in administration, 5 companies are in liquidation (Caparo Steel Products, Caparo Atlas Fastenings Limited, Material Measurements Limited, Caparo Precision Tubes Limited and the Company); and we have ceased to act in relation to the other 10 companies.

Asset realisations

The majority of assets were realised in the previous administration, details of which can be found in the Administrators' final report. Realisations in the period of this report are detailed below.

Administration surplus and debt marshalling

Surplus funds of £546,748 were transferred to the liquidation from the administration account when the Company moved to CVL. Following a Group wide debt marshalling exercise, funds of £195,427 were due to the Company and subsequently paid from Plc during this period. The debt marshalling exercise is ongoing and further reconciliations of Group cash balances are in the process of being carried out.

Administration VAT refund

A VAT refund was due to the Company in relation to the prior administration and an amount of £10,266 was received into the liquidation.

Unclaimed dividends

Amounts relating to unclaimed dividends have been written back into the liquidation account relating to the Preferential and Unsecured distributions, being £600 and £1,772 respectively. These amounts will shortly be paid to the Insolvency Service Account.

Connected party transactions

There were no connected party transactions during the period.

Statutory and compliance

During the period of this report, we have complied with our statutory duties, including:

- Issuing the relevant statutory notices following the move from administration to liquidation;
- Submitting VAT returns when they fall due and completion of a 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; and
- Preparing our first progress report to creditors.

Change of liquidator

Anthony Barrell, one of the previous Liquidators, has left PwC. To make sure that outstanding issues in the liquidation continue to be pursued, an application was made to Court to remove him and appoint Toby Underwood as Liquidator. Toby Underwood is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The application was granted by court and so Toby Underwood replaced Anthony Barrell as Joint Liquidator with effect from 10 May 2019. The court ordered that Anthony Barrell would be released from all liability in respect of his conduct as Liquidator with effect from 28 days after publication of the advert notifying of the release which was published on 14 May 2019. Creditors had 28 days after publication of this advert to apply to court to vary or discharge the order.

Investigations and actions

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

Investigatory work is currently ongoing in other Group companies. When this is complete, there may need to be an exercise to recharge costs or allocate the proceeds of any recoveries.

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the CDDA and SIP No.2

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 26 October 2018 to 25 October 2019.

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 a liquidation 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 fees, disbursements and other related matters.

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 our 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/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditors-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning Rebecca Tidmarsh on 0113 289 4612.

What we still need to do

The following matters remain outstanding:

- Statutory and compliance matters such as reporting to creditors and periodically reviewing the files to ensure case progression;
- Drafting and submitting periodic VAT returns and deregistering for VAT purposes;
- Completing the debt marshalling exercise across the Group, and making the necessary repayments between the remaining open entities, including this Company, to ensure each company has paid the appropriate proportion of the Group's secured debt;
- Depending on the outcome of the Group wide investigations, there may be some further recharging to costs in relation to this Company;
- Final Unsecured dividend depending on the investigation work outcome; and

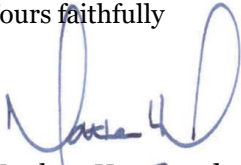
- Preparing and circulating the final account.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Rebecca Tidmarsh on 0113 289 4612.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Matthew Hammond', written over the words 'Yours faithfully'.

Matthew Hammond
Joint liquidator

David Matthew Hammond and Toby Scott Underwood have been appointed as Joint Liquidators of Caparo Engineering Limited to manage its affairs, business and property as its agents and without personal liability. David Matthew Hammond and Toby Scott Underwood are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Liquidators 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 Liquidators may act as Data 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 Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the [PwC.co.uk](https://www.pwc.co.uk) website or by contacting the Joint Liquidators.

Appendix A: Receipts and payments

Receipts and payments account as at 25 October 2019

As per Directors' Statement of Affairs		Final administration balance as at 26 October 2018	CVL transactions 26 October 2018 to 25 October 2019
	Assets subject to a fixed charge		
	£ Receipts		
1,440,000	Freehold land & property	738,145	-
906,000	Plant & machinery	432,074	-
	Investments	109,366	-
	Goodwill	904,552	-
	Intangible assets	1	-
	Book debts	2,055,749	-
	Total receipts	4,239,887	-
	Payments		
	Agents fees & expenses	(253,286)	-
	Professional & legal fees	(51,914)	-
	Office holders' fees	(1,540,042)	-
	Commissions relating to book debts	(307,877)	-
	Secured Creditor distributions	(2,086,768)	-
	Total payments	(4,239,887)	-
	Cash in hand fixed	-	-

		Final administration balance as at 26 October 2018	CVL transactions 26 October 2018 to 25 October 2019
	Assets subject to a floating charge		
	£ Receipts		
	Administration surplus	-	546,748
	Funds due under Group debt marshalling	-	195,427
	Administration VAT refund	-	10,266
	Unclaimed Preferential dividends	-	600
	Plant & machinery	691,257	-
1,306,000	Stock	114,509	-
730,000	Book debts	898,199	-
	Motor vehicles	3	-
	Fixtures & fittings	1	-
	Third party funds	-	-
300,000	Other asset realisations	89,709	4
	Pre appointment bad debt relief	18,926	-
	Net trading position (see below)	1,732,226	-
	Total receipts	3,544,829	753,046
	Payments		
	Professional & legal fees	(156,437)	-
	Pre-appointee fees & expenses	(39,857)	-
	Office holders' fees	(942,418)	-
	Office holders' expenses	(59,668)	-
	Preferential distributions (100p in the £) paid 10 October 2017	(49,182)	-
	Statutory advertising	(282)	(75)
	Storage costs	(5,294)	(1,798)
	Insurance	-	(4,018)
	Bank charges	(41)	-
	Secured Creditor distributions	(1,264,214)	-
	Total payments	(2,517,393)	(5,891)
	Unsecured Prescribed Part dividend (1.05543p in the £) paid 14 August 2018	(442,575)	-
	Office holders' fees relating to the Prescribed Part	(38,113)	-
	Unsecured dividend (1.497p in the £) paid 2 June 2019	-	(633,754)
	Unclaimed Unsecured dividends	-	1,772
	Surplus from floating charge	546,748	115,172
	Funds transferred to the Liquidators	(546,748)	-
	VAT control account	-	(375)
	Cash in hand held in interest bearing account	-	114,797

Trading receipts & payments account

	Final administration balance as at 26 October 2018	CVL transactions 26 October 2018 to 25 October 2019
Receipts	£	
Sales	2,648,468	-
Group company funding	(80,000)	-
Other receipts	759,930	-
Interest	5,241	-
VAT	-	-
Total receipts	3,333,639	-
Payments		
Wages & salaries	741,517	-
PAYE/NI & other employee costs	237,260	-
Trading costs	312,948	-
Utilities & rates	157,812	-
Insurance	82,972	-
Rent	21,158	-
ROT/ duress	47,417	-
Taxation	330	-
Total payments	1,601,413	-
Net trading position	1,732,226	-

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Liquidators 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 a liquidation 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.

<i>Nature of expenses</i>	<i>Expenses paid to 25 October 2019 (£)</i>	<i>Expenses incurred not yet paid (£)</i>	<i>Total expenses incurred (£)</i>	<i>Estimated future expenses (£)</i>	<i>Total estimated expenses (£)</i>
Other expenses					
Office holders' costs	-	71,750	71,750	87,950	159,700
Office holders' disbursements	-	2,187	2,187	2,500	4,687
Statutory advertising	75	-	75	75	150
Insurance	4,018	-	4,018	-	4,018
Storage	1,798		1,798	2,300	4,098
Total other expenses	5,891	73,937	79,828	92,825	172,653

Please refer to the final Administrators' report for the administration expenses not reflected above.

Appendix C: Remuneration update

During the administration, creditors fixed the basis of the Administrators' fees by reference to time properly given by the Administrators and their staff in dealing with the Administration, at a meeting held by correspondence on 22 March 2016.

The fee basis agreed in the Administration continues to apply in the liquidation. This means that our fees as Liquidators will be calculated by reference to time properly given by the Liquidators and their staff in dealing with the Liquidation. We have already billed to the agreed fees estimate in the prior administration and so a request for further approval will be sought in due course from the appropriate approving body of creditors.

The time cost charges incurred in the period covered by this report are £71,750. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

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

Our hours and average rates

Category of work	26 October 2018 to 25 October 2019	
	Hours incurred	Time costs incurred (£)
Accounting and treasury	22	6,144
Creditors	111	29,804
Employees and pensions	2	1,148
Investigations	20	5,185
Project management, strategy and administration	22	6,481
Statutory and compliance	62	21,335
Tax and VAT	5	1,654
Closure	-	-
Total hours and fees estimate	244	71,750

Please refer to the final Administrators' report for the administration time costs not reflected above.

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. 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 liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (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 liquidation.

Grade	Maximum rate per hour Up to 30 June 2019 (£)	Maximum rate per hour From 1 July 2019 (£)
Partner	890	910
Director	780	800
Senior manager	590	605
Manager	510	525
Senior associate – qualified	425	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	Specialist maximum rate per hour Up to 30 June 2019 (£)	Specialist maximum rate per hour From 1 July 2019 (£)
Partner	1,315	1,385
Director	1,210	1,275
Senior manager	1,230	1,230
Manager	735	775
Senior Associate / consultant	545	575
Associate / assistant consultant	270	285
Support staff	160	230

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

Payments to associates

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

Our work in the period

Earlier in this section we have included an analysis of the time spent by work types.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Creditors	<ul style="list-style-type: none"> Updating website with reports and information for creditors Receiving and following up creditor enquiries via telephone, email and post Reviewing and preparing correspondence to creditors and their representatives Receiving, filing and adjudicating proof of debt forms from Unsecured Creditors, including requesting further information from claimants Preparing correspondence to potential creditors inviting lodgement of proof of debt Dealing with confirmation of debt forms and liaising with credit insurers Issuing the Notice of Intended Dividend and advertising the Unsecured Dividend Finalising the Unsecured Creditor claims and paying a dividend of 1.497p in the £ to Unsecured Creditors 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute Respond to queries from various stakeholders To facilitate the agreement of claims and in order to declare the Unsecured Creditor distribution To maintain the Company's books and records 	<ul style="list-style-type: none"> Some tasks required by IA86 or IR16 or a regulator requirement Facilitates a return of funds to creditors
Investigations	<ul style="list-style-type: none"> Identifying potential asset recoveries Instructing and liaising with solicitors regarding recovery actions Holding internal meetings to discuss status of any litigation Attending to negotiations and settlement matters Work is performed at a Group level and will be recharged to other companies in the Group as appropriate 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Statutory & compliance	<ul style="list-style-type: none"> Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 or IR16 or a regulator requirement

	<ul style="list-style-type: none"> Preparing the first progress report to creditors and the Registrar Dealing with records in storage Sending case files to storage Filing of documents Updating checklists and diary management system Appointment taker transfer documents and court filings 		
Tax & VAT	<ul style="list-style-type: none"> Preparing and submitting VAT returns Liaising with HMRC Consider timescales and when to de-register for VAT purposes 	<ul style="list-style-type: none"> In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> Statutory duties To ensure tax accounting is accurate for the benefit of creditors as a whole
Administration	<ul style="list-style-type: none"> Preparing and updating estimated outcome statement Preparing fee budgets & monitoring cost Holding team meetings and discussions regarding status of liquidation Set up new bank account for CVL and transfer administration funds Dealing with receipts, payments and journals not relating to trading Carrying out bank reconciliations and managing investment of funds Corresponding with bank regarding specific transfers 	<ul style="list-style-type: none"> To resolve outstanding matters relating to the previous Administration To pay Administration expenses Maintain the accounts and records of the insolvent estate 	<ul style="list-style-type: none"> Statutory duties to: <ul style="list-style-type: none"> manage the affairs, business and property of the Company settle expenses in the prescribed order of priority keep proper books and records

Our future work

We still need to do the following work in the liquidation. The costs stated below are an estimate and do not form the basis of any fee approval.

Area of work	Work we need to do	Estimated future cost £	Whether or not the work will provide a financial benefit to creditors
Creditors / employees & pensions	<ul style="list-style-type: none"> Updating website with reports and information for creditors Receiving and following up creditor enquiries via telephone, email and post Reviewing and preparing correspondence to creditors and their representatives 	<ul style="list-style-type: none"> 11,000 	<ul style="list-style-type: none"> Required by IA86 or IR16 or a regulator requirement The Liquidators have a duty to act in the best interests of creditors as a whole and maintain proper records

	<ul style="list-style-type: none"> • Receiving and filing proofs of debt • Dealing with confirmation of debt forms and liaising with credit insurers • Possible future dividend depending on investigation work outcome: advertising intention to declare dividend; calculating dividend rate, issuing notice of intended dividend; declaring dividend 	• 30,000	<ul style="list-style-type: none"> • To properly distribute funds due to Unsecured Creditors
Investigations	<ul style="list-style-type: none"> • Identifying potential asset recoveries • Instructing and liaising with solicitors regarding recovery actions • Holding internal meetings to discuss status of any litigation • Attending to negotiations and settlement matters • Recharges at Group level 	• 30,000	<ul style="list-style-type: none"> • To maximise realisations for the benefit of creditors as a whole
Statutory & compliance	<ul style="list-style-type: none"> • Preparing and issuing periodic progress reports to creditors and the Registrar • Dealing with records in storage • Sending case files to storage • Filing of documents • Preparing fee budgets & monitoring cost • Group debt marshalling exercise • Updating checklists and diary management system 	• 14,000	<ul style="list-style-type: none"> • Required by IA86 / IR16 or regulatory requirement
Tax & VAT	<ul style="list-style-type: none"> • Preparing VAT returns • Liaising with HMRC • Submitting VAT returns • De-registration for VAT purposes • Revisiting tax clearance already obtained depending on any future realisations 	• 2,200	<ul style="list-style-type: none"> • Governance • To ensure tax accounting is accurate for the benefit of creditors as a whole
Administration	<ul style="list-style-type: none"> • Preparing and updating estimated outcome statement • Holding team meetings not relating to trading and discussions regarding status of Liquidation • Dealing with receipts, payments and journals not relating to trading • Carrying out bank reconciliations and managing investment of funds 	• 15,250	<ul style="list-style-type: none"> • Statutory duties to: <ul style="list-style-type: none"> ○ manage the affairs, business and property of the Company ○ settle expenses in the prescribed order of priority ○ keep proper books and records
Closure	<ul style="list-style-type: none"> • Withdrawing undertakings not relating to trading and obtaining clearances from third parties • Issuing relevant notices to pension schemes on ceasing to act as Liquidators 	• 15,500	<ul style="list-style-type: none"> • Required by IA86 / IR16 or regulatory requirement

- Completing checklists and diary management system
- Preparing and issuing the Liquidators' final account to creditors and the Registrar
- Closing down internal systems
- Finalise and close Liquidation

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 liquidation and has been approved by the fee approving body 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.	1,046.00
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Postage	1,140.59
Total		2,186.59

Our relationships

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

Legal and other professional firms

We've instructed the following professionals on this case. Work was carried out in the prior administration but no work has been done to date in relation to the liquidation by this firm.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: <ul style="list-style-type: none"> • Legal advice to the Liquidators in relation to the ongoing investigation workstream 	<ul style="list-style-type: none"> • DLA Piper UK LLP 	<ul style="list-style-type: none"> • Industry knowledge and insolvency expertise 	<ul style="list-style-type: none"> • Time costs and disbursements

Appendix D: Other information

Company's registered name:	Caparo Engineering Limited
Trading name:	CMT Engineering, Clydesdale Jones, Caparo Forgings Europe, Caparo Forgings Europe Polish Branch and Caparo Testing Technologies
Registered number:	03450375
Registered address:	8 th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	26 October 2018
Liquidators' names, addresses and contact details:	David Matthew Hammond of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT and Toby Scott Underwood of PricewaterhouseCoopers LLP, 8 th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL rebecca.tidmarsh@pwc.com 0113 289 4612

Appendix E: Creditors' rights to opt out of receiving certain communications

Information provided to creditors on opting out in accordance with Rule 1.39 IR16.

As part of our communication with you, we are required to inform you about your right to elect to opt out of receiving further documents relating to the proceedings as follows:

You have the right to elect to opt out of receiving further documents about these proceedings unless:

- a) The Insolvency Act 1986 requires a document to be delivered to all creditors without expressly excluding opted-out creditors;
- b) It is a notice relating to the change in the office-holder or the office-holder's contact details, or;
- c) It is a notice of a dividend or proposed dividend or a notice which the court orders be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Any election to opt out will not affect a creditor's entitlement to receive dividends, should any be paid to creditors. Similarly, unless IR16 provide to the contrary, opting-out will not affect any right the creditor may have to vote in a decision procedure or participate in a deemed consent procedure in these proceedings, although the creditor will not receive notice of it.

If a creditor opts-out, they will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the same company.

A creditor can opt-out at any time by delivering written notice to the office-holder at the postal address noted in the covering correspondence or by e-mail to: creditorsenquiries@uk.pwc.com. The notice must be authenticated in accordance with rule 1.5 IR16 and dated by the creditor. A creditor will be treated as opted-out as soon as reasonably practical after delivery of the creditor's election to opt out.

An election to opt-out can be revoked at any time by delivering a further notice to the office-holder in writing, authenticated and dated by the creditor. A creditor ceases to be an opted-out creditor from the date the notice is received by the office-holder.

Should you have any questions on this process, please use the contact details in the covering correspondence.