

AM10

Notice of administrator's progress report



Companies House

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1 Company details

Company number 0 8 4 4 7 8 5 6

Company name in full CEONA CONTRACTING (UK) LIMITED (IN ADMINISTRATION)

→ Filling in this form

Please complete in typescript or in
bold black capitals

2 Administrator's name

Full forename(s) Alan Michael

Surname Hudson

3 Administrator's address

Building name/number Ernst & Young LLP

Street 1
More London Place

Post town

County/Region London

Postcode S E 1 2 A F

Country United Kingdom

4 Administrator's name ①

Full forename(s) Alan Robert

Surname Bloom

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Ernst & Young LLP

Street 1
More London Place

Post town

County/Region London

Postcode S E 1 2 A F

Country

② Other administrator

Use this section to tell us about
another administrator

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6 Period of progress report

From date	d	0	d	2	m	0	m	7	y	2	y	0	y	1	y	8
To date	d	0	d	1	m	0	m	1	y	2	y	0	y	1	y	9

7 Progress report

<input checked="" type="checkbox"/> I attach a copy of the progress report	
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8 Sign and date

Administrator's signature	Signature X  X
Signature date	d 3 d 0 m 0 m 1 y 2 y 0 y 1 y 9

**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 **Josh Robertshaw**

Company name **Ernst & Young LLP**

Address **1 More London Place**

Post town **London**

County/Region

Postcode **S E 1 2 A F**

Country

DX

Telephone **020 7197 7320**

**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

The Company was involved in the tendering process for pipe lay projects. If the Group was successful in winning a tender the Company would contract with the relevant counterparty for the provision of the Group's services.

TSA's (Transitional Service Agreements)

As previously reported, the Company entered into a transitional services agreement ("TSA") with Services to support the ongoing debtor collections process. In addition, the TSA allows the appropriate recharge of costs incurred by the Joint Administrators on behalf of the Group which have been met as an expense of Services' Administration, for example those cost associated with an extension application. The TSA will be terminated prior to the closure of the Administration.

Summary of steps taken during the period covered by this report

Extension of Administration

Following two Court hearings, on 23 August 2018 the Court approved a further extension to the Administration Order which will now automatically expire on 16 September 2019, unless a further extension is granted. The extension was sought to allow the Company to finalise debtor realisations and make the necessary distribution to its unsecured non-preferential creditors.

Third party debtor realisations

We previously reported that the Joint Administrators had realised £175,000 of debtor balances which are secured to ABN Amro and KfW Ipex (together "the Lenders") by way of a fixed charge and no further realisations in this regard are anticipated.

In addition, the Joint Administrators have received c £2.8m of debtor balances which are not subject to security and the Joint Administrators remain in negotiations with the outstanding debtor to recover remaining funds. Despite the Joint Administrators ongoing efforts, limited progress has been made in relation to the recovery of this debt due to the debtor not meeting agreed payment and currency restrictions in Nigeria meaning that the process of remitting funds to a company outside of Nigeria is complex.

In order to conclude this matter, the Joint Administrators have engaged EY Nigeria liaise directly with the relevant parties to facilitate payments to the Company in respect of this debt. We had previously engaged local legal advisors in this regard with limited success. Given the above I am unable to quantify potential future realisations at this time.

As previously reported, the Company held c.£2m at the date of appointment in a Nigerian bank account in Nigerian currency (Naira). The Joint Administrators have continued to seek to transfer this cash into the Company's UK bank account. However, this is a lengthy process due to the Nigerian Government approvals required and the foreign exchange controls currently operated in Nigeria. To date the Joint Administrators successfully repatriated £508,375k of these funds to the UK. Whilst we continue to seek to recover further funds we are unable to confirm the quantum or timing of future recoveries at this time.

The Joint Administrators continue to attempt to repatriate further funds to the UK however the amount received is dependent on foreign exchange controls in Nigeria and therefore the quantum and timing of future realisations is uncertain.

Related party debtor realisations

At the date of our appointment, the Company had outstanding debtor balances with several the Group's companies. These amounts ranked as an unsecured non-preferential claim in each insolvent estate. As discussed below, in the period of this report, a distribution to unsecured non-preferential creditors was declared in each estate (where relevant) and the Company received £364,518 in this regard.

It should be noted that this was an interim distribution and a final dividend receipt is anticipated in this regard.

Foreign exchange gains

In order to facilitate the distribution to the unsecured non-preferential creditors, the Company transferred from its USD bank account \$3,205,611 to the Company's sterling account. Due to exchange rate differences between the receipts and payments account and the actual rate at which this sum was transferred, a gain of c.£281,562 is recorded in the attached receipts and payments account.

In addition to the receipt above, £10,172 of bank interest was received in the period.

Receipts and payments account

A summary of our receipts and payments account for the period from 2 July 2018 to 1 January 2019 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

Investigations

I can confirm that no investigations were concluded in the period covered by this report and no investigations are ongoing.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees' a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me. Please note that the references in the Guide to fee estimates do not apply to administrations, such as this one, which started before 1 October 2015.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators' remuneration has been fixed by reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration by a resolution of the creditors passed on 22 December 2015.

During the period covered by this report, the Joint Administrators have incurred charged time-costs of £41,407. In addition, £37,713 has been billed and paid, which partly relates to the prior period.

At Appendix 3 to this report there is an analysis and narrative explanation of the time spent by the Joint Administrators and their staff.

Expenses of the Administration

During the period covered by this report, we have incurred expenses totalling £18,545 plus applicable VAT. There is a breakdown of expenses incurred in this period and to date at Appendix 4 of this report.

Costs in respect of the Group's TSA totalled c £8,843 during the period which principally relate to legal fees incurred in respect of the extension application that were met by other Group companies.

Professional fees totalling c.£4,946 relate to specialist assistance from the Ernst & Young LLP modelling team. Due to the complexity of intra-Group and related party debts, the Joint Administrators engaged the modelling team to assist in the building of an appropriate distribution model which allowed accurate calculations and payments to be made in the interim distribution outlined above.

Direct legal fees and expenses of c £4,706 relate to assistance from our legal advisors with regards to the distribution application to the Courts

Distributions to unsecured non-preferential creditors

On 16 August 2018, the Court granted their approval for the Company to make the necessary distributions to the unsecured non-preferential creditors. Given that there remain a number of matters that require resolution in respect of the Company and the Group, the Joint Administrators considered it most appropriate to undertake an interim distribution. Notice of this interim distribution was issued to unsecured non-preferential creditors of the Company on 21 September 2018 and the dividend was subsequently declared, and paid, on 19 December 2018.

Of the unsecured non-preferential creditor balances on the statement of affairs totalling, £144,633,172 the Joint Administrators adjudicated a total of 35 claims and admitted claims in the sum of £116,468,777

As detailed above, there remain certain outstanding matters that require the Joint Administrators attention prior to the closure of the Administration for which it is anticipated that certain future costs will be incurred. As such, the interim dividend represented a distribution of c.75% of the Company's net assets that are available to unsecured non-preferential creditors

I have set out below the total amount of the distribution and the pence in the £ figure that this represents.

Class of creditor	Total amount distributed	Pence in £
Unsecured non-preferential creditors	£4,228,445 71	3.63

It is anticipated that a final dividend will be declared and paid for all remaining net assets prior to the automatic end of the Administration in September 2019

Remaining work

As outlined above, we anticipate that a further dividend will be declared and paid prior to the automatic end of the Administration. In addition to this, the Joint Administrators' continue to pursue the outstanding debtor and cash balances and will provide an update with regard to progress made in the next report.

Next report



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We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Should you have any remaining questions about the administration, please do not hesitate to contact Josh Robertshaw at this office.

Yours faithfully

for the Company

AM Hudson
Joint Administrator

Enc Form AM10 – Notice of administrator's progress report (for Companies House only)

A R Bloom, A M Hudson and C P Dempster is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and The Institute of Chartered Accountants of Scotland respectively

The affairs, business and property of the Company are being managed by the Joint Administrators, A R Bloom, A M Hudson and C P Dempster, who act as agents of the Company only and without personal liability

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice
Court reference:	6104 of 2015
Registered name of the company:	Ceona Contracting (UK) Limited
Registered office address of the company:	C/o Ernst & Young LLP, One More London Place, London, SE1 2AF
Registered number:	08447856
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators	16/09/2015
Details of any changes of administrator	None
Full names of the administrators:	Alan Michael Hudson and Alan Robert Bloom and Colin Peter Dempster
Office holder number(s):	9200, 6462 and 8908
Administrators' address(es):	Ernst & Young LLP 1 More London Place SE1 2AF
Telephone number:	020 7197 7320
Name of alternative person to contact with enquiries about the case.	Josh Robertshaw

Appendix 2

Ceona Contracting (UK) Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 2 July 2018 to 1 January 2019

	Period from 16 September 2015 to 1 July 2018	Period from 2 July 2018 to 1 January 2019	Period from 16 September 2015 to 1 January 2019	
	Total (£)	Fixed charge items (£)	Floating charge items (£)	Total (£)
Receipts				
Sale of plant and machinery	1,500 00	-	-	1,500 00
Cash on appointment	1,977,542 47	-	-	1,977,542 47
Intercompany debt repayments	8,969 00	-	-	8,969 00
Debtor realisations	3,391,659 88	-	-	3,391,659 88
VAT payable	-	-	-	-
Pre-appointment VAT refund	6,444 20	-	-	6,444 20
Receipts in respect of unsecured claims	-	-	364,518 15	364,518 15
Foreign exchange gain	409,685 35	-	281,561 76	691,247 11
Bank interest	40,260 23	-	10,172 17	50,432 40
Total receipts	5,836,061.13	-	656,252.08	6,492,313.21
Payments				
TSA invoices - cost element	264,952 00	-	8,421 83	273,373 83
TSA invoices - profit element	13,333 20	-	421 10	13,754 30
Secured creditors	157,507 16	-	-	157,507 16
Sundry expenses	94 09	-	-	94 09
Debt collection costs	1,712 00	-	-	1,712 00
Bank charges	1,539 38	-	50 80	1,590 18
Professional fees	1,316 04	-	4,945 64	6,261 68
Legal fees	13,106 97	-	4,388 38	17,495 35
Legal expenses	4,065 15	-	317 74	4,382 89
Administrators' fees	355,883 40	-	37,713 40	393,596 80
Administrators' expenses	4,759 11	-	-	4,759 11
Corporation tax	3,676 79	-	-	3,676 79
Tax fees	14,191 20	-	-	14,191 20
Distribution to unsecured creditors	-	-	4,228,445 71	4,228,445 71
VAT receivable	6,410 38	-	(293 56)	6,116 82
Total payments	842,546.87	-	4,284,411.04	5,126,957.91
Funding held	4,993,514.26	-	(3,628,158 96)	1,365,355 30
Represented by				
GBP Account				1,365,355 30
EUR account converted at 0 91				-
USD account converted at 0 66				-
				1,365,355 30

Notes

- Receipts and payments are stated net of VAT.
- The total foreign exchange gain to 1 January 2019 is a result of fluctuations in exchange rates against the USD compared to those used in our receipts and payments account and does not represent a true monetary gain or loss

Ceona Contracting (UK) Limited (In Administration)

Summary of Joint Administrators' Time-Costs from 2 July 2018 to 1 January 2019

Classification of work function	Partner	Exec Director / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost (£)
Accounting & Administration	-	-	10.6	0.9	27.8	33.7	73.0	22,912
Bank & Statutory Reporting	-	-	0.9	-	-	-	0.9	478
Creditors	-	-	10.7	-	1.9	5.5	18.1	7,683
Debtors	-	-	-	-	3.2	-	3.2	925
Immediate Tasks	-	-	-	-	18.1	-	18.1	5,231
Other Matters	-	-	1.2	-	1.0	-	2.2	926
Statutory Duties	-	-	1.8	-	5.3	2.5	9.6	3,148
VAT & Taxation	-	-	-	-	-	0.4	0.4	106
Total hours	-	-	25.2	0.9	57.3	42.1	125.5	125.5
Total time cost (£)	-	-	13,381	352	16,560	11,114	£41,407	£41,407
Average hourly rate	627	511	531	391	289	264		

Appendix 4

Ceona Contracting (UK) Limited (In Administration) Summary of joint administrators' expenses incurred

Type of Expense	Paid as at 1 July 2018	Paid in Period	Outstanding	Total
Payments made from the estate which are not disbursements (see Notes 1 and 2 at the end of this table)				
TSA invoices - cost element	264,952.00	8,421.83	-	273,373.83
TSA invoices - profit element	13,333.20	421.10	-	13,754.30
Sundry expenses	94.09	-	-	94.09
Debt collection costs	1,712.00	-	-	1,712.00
Bank charges	1,539.38	50.80	-	1,590.18
Professional fees	1,316.04	4,945.64	-	6,261.68
Legal fees	13,106.97	4,388.38	-	17,495.35
Legal expenses	4,065.15	317.74	-	4,382.89
Corporation tax	3,676.79	-	-	3,676.79
Tax fees	14,191.20	-	-	14,191.20
Category 1 disbursements (Note 2)				
Meals	0.95	-	1.38	2.32
Mobile phone	56.67	-	-	56.67
Couriers	371.30	-	-	371.30
Lodging	13.55	-	-	13.55
Train	433.83	-	79.60	513.43
IT Support	116.47	-	-	116.47
Parking	-	-	4.03	4.03
Printing	2,705.73	-	268.26	2,973.99
Bonding	853.33	-	-	853.33
Taxi	141.85	-	4.21	146.06
Exchange / Bank Charges	30.00	-	-	30.00
Office supplies	6.05	-	-	6.05
Registration fees	30.60	-	-	30.60
Statutory advertising	-	-	28.20	28.20
Category 2 disbursements (Note 2)				
Mileage - manager and above	-	-	4.80	4.80
Total	322,747.15	18,545.49	390.47	341,683.11

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs