

The Insolvency Act 1986

Administrator's progress report

Name of Company Ceona Equipment Limited (In Administration)	Company number 08473801
In the High Court of Justice, Chancery Division, Companies Court <small>[full name of court]</small>	Court case number 6106 of 2015

(a) Insert full name(s)
and address(es) of
administrator(s)

I / We (a) Alan Michael Hudson, Alan Robert Bloom and Colin Peter DempsterErnst & Young LLP, 1 More London Place, London, SE1 2AF

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 16 March 2016

(b) 1 July 2016

Signed

Joint Administrator

Dated

5/08/16

Contact Details:

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

Josh Robertshaw	
Ernst & Young LLP, 1 More London Place, London SE1 2AF	
	Tel 020 7197 7320
DX Number	DX Exchange



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INVESTOR IN PEOPLE

TO ALL KNOWN CREDITORS

15 July 2016

Ref AMH/ARB/JB/JR/D16 1
Direct line 020 7197 7320

Josh Robertshaw
JRobertshaw@uk.ey.com

Dear Sirs

Ceona Equipment Limited - In Administration ("the Company" or "Equipment")
High Court of Justice, Chancery Division, Companies Court, Number 6106 of 2015
Registered office address: C/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number: 08473801

I write in accordance with Rules 2.47 and 2.112 of the Insolvency Rules 1986, to provide creditors and the court with a report on the progress of the administration, to accompany the administrators' application to the High Court of Justice, Chancery Division for an extension of the administration for 12 months. This report covers the period from 16 March 2016 to 1 July 2016. This report should be read in conjunction with the Joint Administrators' statement of proposals dated 14 December 2015 and the progress report dated 8 April 2016.

Background

The Company entered administration on 16 September 2015 and Alan Michael Hudson, Alan Robert Bloom and Colin Peter Dempster of Ernst & Young LLP 1 More London Place, London, SE1 2AF, were appointed to act as Joint Administrators. The appointment was made by the directors of the Company under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

On the same date, Alan Michael Hudson, Alan Robert Bloom and Colin Peter Dempster were also appointed Joint Administrators over the following related entities, with Ceona Holding Limited ("Holding") being the parent entity:

- Holding,
- Ceona Services (UK) Limited ("Services (UK)"),
- Ceona Chartering Limited ("Chartering"),
- Ceona Contracting Limited ("Contracting"),
- Ceona Crewing Limited ("Crewing"),
- Ceona Investments Limited ("Investments"),

- Ceona Ship 1 Limited ("Ship 1"), and
- Ceona Ship Holdings Limited (Ship Holdings)

The main activity of the Company was the construction and charter of the Vertical Lay System (VLS). The funding required to construct the VLS was principally provided by various Dutch and German banks ("the Lenders"). Accordingly, the Lenders held fixed charge security over the VLS and were entitled to the proceeds of the sale.

TSA's (Transitional Service Agreements)

As previously reported, the Joint Administrators of Equipment entered into a transitional services agreement ("TSA") with Services (UK) to ensure that Services (UK)'s employees were available to provide support with the sale of the VLS and to assist with reconciliation of the inter-company receivables.

To ensure the creditors of Services (UK) benefit from this arrangement, the Joint Administrators of Services (UK) recharge Equipment at cost plus a 5% profit mark up for services provided.

Funding

The Lenders held a fixed charge over the VLS and a floating charge over the remaining assets of the Company. As a result, the Lenders are entitled to the majority of realisations from the Administration.

The Lenders have entered into a funding agreement with the Joint Administrators, whereby the Lenders have agreed to provide funding for the Administration process by providing access to restricted funds which are held subject to Lender security.

The Joint Administrators have drawn down funds from the Lenders to cover the costs of the process, including the costs of the TSA with Services (UK). Any unutilised funds drawn down will be returned to the Lenders at the end of the process.

Extensions to the Initial Period of Appointment

As set out below, the Joint Administrators await the receipt of receivables balances due from various Ceona entities.

As a result, the Joint Administrators have requested an extension to the Administration for a period of 12 months from the court.

Summary of Progress since Last Report

As previously disclosed, the VLS has been sold to GC Rieber for £3.96m. Additionally, as part of the sale, GC Rieber agreed to withdraw its unsecured creditor claim of \$105,524,844 against Chartering.

The transaction was agreed with the Lenders as secured creditors and all proceeds have been paid to the Lenders.

Remaining Assets

The Company has receivable balances due from various entities within the Ceona Group. The amount realised in respect of these balances will be dependent upon the outcome of the administrations of the other Group companies.

Receipts and Payments Account

A receipts and payments account for the period from 16 March 2016 to 1 July 2016 is attached at Appendix 2. This does not reflect estimated future realisations or costs.

Receipts reflect amounts drawn down from the Lenders in relation to the costs of the Administration, including the costs of the Joint Administrators and their legal advisors.

Payments reflect the costs of the Joint Administrators and their tax and legal advisors in dealing with the Administration.

Joint Administrators' Remuneration and Expenses

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. 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 Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees' then 'Administrators Fees (November 2011)'), or is available in hard copy upon written request to the Joint Administrators.

The Joint Administrators' remuneration has been fixed by the Lenders (as secured creditors) by reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

During the period covered by this report, the Joint Administrators have incurred time costs of £14,887. Fees drawn in the period total £30,169, which partly relates to fees incurred and not drawn in the prior period.

Total time costs incurred from the date of administration to 1 July 2016 are £230,076, against which £227,530 of fees have been approved by the Lenders and drawn to date.

An analysis of the time spent is attached as Appendix 3 to this report. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

Disbursements incurred during the period covered by this report are £nil. To date, the sum of £2,064 has been incurred in respect of disbursements and the sum of £2,064 has been drawn. The total disbursements can be summarised as follows:

	15 September 2015 to 15 March 2016	16 March 2016 to 1 July 2016	Total
Mobile phone	6.46	-	6.46
Train	2.08	-	2.08
Printing	1,555.61	-	1,555.61
Bonding	456.67	-	456.67
Taxi	42.75	-	42.75
Total	2,063.57	-	2,063.57

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information is provided in Appendix 5.

Secured Creditors

The Lenders held fixed charge security over the VLS and were entitled to the proceeds of this sale

The Lenders also hold a debenture over the assets of the Company and will be entitled to receive any floating charge realisations (after costs and the prescribed part)

Non-preferential Creditors

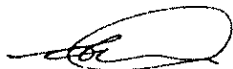
We currently estimate that the Company has unsecured creditors of £469,472 as per the directors' statement of affairs. We anticipate that any amount available to the unsecured creditors will result from the Prescribed Part (see below)

The Prescribed Part

The Lenders hold a floating charge over the Company and therefore the Prescribe Part applies to this Administration. Currently the Joint Administrators are uncertain as to the quantum of floating charge realisations which may become available. As such, the Joint Administrators are unable to provide certainty as to whether there will be sufficient funds available to enable a prescribed part distribution.

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

Yours faithfully
for the Company



AM Hudson
Joint Administrator

Enc Joint Administrators' Receipts and Payments Account
 Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
 Joint Administrators' Policy on Fees and Disbursements
 Form 2 31B

Alan Robert Bloom is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales. Alan Michael Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Association of Chartered Certified Accountants and Colin Peter Dempster is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland.

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

We may collect, use, transfer, store or otherwise process (collectively "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

Appendix 1

Statutory Information

Company Information

Company Name	Ceona Equipment Limited
Registered Office Address	c/o EY LLP, One More London Place, London, SE1 2AF
Registered Number	08473801
Trading Name	n/a
Trading Address	3 Shortlands, London, W6 8DA

Details of the Joint Administrators and of their appointment

Joint Administrators Alan Michael Hudson, Alan Robert Bloom and Colin Peter Dempster

Date of Appointment 16 September 2015

By Whom Appointed The appointment was made by the Directors

Court Reference High Court of Justice, 6106 of 2015

Any of the functions to be performed or powers exercisable by the Joint Administrators may be exercised by any one of them acting alone or by any or all of them acting jointly

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State

Share capital

Class	Authorised		Issued and fully paid	
	Number	\$	Number	\$
Ordinary Shares	3	3	3	3

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Anthony Richard Tanner	Secretary	1 October 2014	-	-
Stuart Ian Cameron	Director	4 April 2013	25 September 2015	-
Mark Alfred Preece	Director	11 June 2013	25 September 2015	-
Johan Rasmussen	Director	4 April 2013	-	-
Michael Anthony De Rhune	Director	1 September 2013	9 January 2015	-
Stuart Robert Jackson	Director	4 April 2013	20 August 2013	-
Matthias Ploch	Director	12 January 2015	29 July 2015	-
Stephen John Preston	Director	4 April 2013	11 June 2015	-

Appendix 2

Joint Administrators' Abstract of Receipts and Payments from 16 September 2015 to 1 July 2016

	Period from 16 September 2015 to 15 March 2016	Period from 16 March 2016 to 1 July 2016			Period from 16 September 2015 to 1 July 2016
	Total (£)	TSA items (£)	Direct items (£)	Floating (£)	Total (£)
Receipts					
Realisations from VLS	3 960 000 00	-	-	-	3 960 000 00
Cash on appointment	2 232 23	-	-	-	2 232 23
Drawdown funds	339 769 12	-	85 110 09	-	424,879 21
Bank interest	2 56	-	22 77	0 73	26 08
Total receipts	4,302,003 91	-	85,132 86	0 73	4,387,137 50
Payments					
Distribution to secured creditors	3 960 000 00	-	-	-	3 960 000 00
TSA payments - cost element	85 764 86	25 895 59	-	-	111,660 45
TSA payments - profit element	4 288 24	1 294 78	-	-	5 583 02
Bank charges	5 00	-	1 50	-	6 50
Administrators fees	197 361 20	-	30 168 70	-	227 529 90
Administrators expenses	-	-	2 083 57	-	2 083 57
Tax fees	-	-	10 007 73	-	10 007 73
Legal fees	10,676 07	-	6 026 43	-	16 702 50
VAT receivable	39 472 24	-	(30 776 75)	-	8,695 49
Total payments	4,297,567 61	27,190 37	17,491 18	-	4,342,249 16
Funding held	4,436 30	(27,190 37)	67,641 68	0 73	44,888 34

Notes

- 1 Receipts and payments are stated net of VAT

Appendix 3

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 16 September 2015 to 1 July 2016

Hours	Partner	Director	Assistant director	Senior Executive	Executive	Analyst	Total Hours	Total time costs (£)
Accounting and Administration		8.6	0.7	16.1	65.9	1.0	92.3	30,370.5
Bank & Statutory Reporting	3.0	8.5	11.0	3.1	51.9	1.0	78.5	28,540.7
Creditors			-	-	-	7.0	7.0	1,848.0
General			2.0	-	2.3		4.3	1,726.7
Immediate Tasks				-	4.0	3.7	7.7	2,132.8
Job Acceptance & Strategy	0.5		-	-	1.1	-	1.6	631.4
Legal Issues	1.5		1.0	-	-	-	2.5	1,471.5
Other Assets	13.0	16.7	134.1	102.5	4.0	-	270.3	129,125.3
Other Matters	7.5		1.5	-	-	-	9.0	5,499.0
Statutory Duties	0.7	1.3	6.1	0.8	42.9	37.6	89.4	28,979.6
Trading			-	-	2.7	-	2.7	780.3
VAT & Taxation			1.5	-	0.6	-	2.1	969.9
Total Hours	26.2	35.1	157.9	122.5	175.4	50.3	567.4	567.4
Total time costs (£)	16,427.4	17,938.1	83,844.9	47,897.5	50,690.6	13,279.2	230,075.7	230,075.7
Agreed hourly rate (£)	627.0	511.0	531.0	391.0	289.0	264.0		

Appendix 4

Office Holders' Charging Policy for Fees

The Lenders have determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration

The Joint Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report. Time is recorded in units of six minutes.

Charge out rates

Grade	Charge out rate per hour (£) (FY 2016)	Agreed hourly rate (£)
Partner	940	627
Director	765	511
Assistant Director	655	531
Senior Executive	485	391
Executive	355	289
Analyst	325	264

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured creditor as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

Appendix 5

Creditors' request for further information regarding an administrators' remuneration or expenses – Rule 2 48A, Insolvency Rules 1986

- 1) If-
 - (a) within 21 days of receipt of a progress report under Rule 2 47-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,
makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either-
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of-
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just "

Creditors' claim that remuneration is excessive – extract from Rule 2.109 of the Insolvency Rules 1986

- "(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that—
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report") "