

# LIQ03

## Notice of progress report in voluntary winding up




Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

<b>1</b>	<b>Company details</b>	
Company number	0 8 8 4 7 5 6 2	<b>→ Filling in this form</b> Please complete in typescript or in bold black capitals.
Company name in full	Newburgh Precision Limited	
<b>2</b>	<b>Liquidator's name</b>	
Full forename(s)	Kerry	
Surname	Bailey	
<b>3</b>	<b>Liquidator's address</b>	
Building name/number	3 Hardman Street	
Street	Spinningfields	
Post town	Manchester	
County/Region		
Postcode	M 3 3 A T	
Country		
<b>4</b>	<b>Liquidator's name ①</b>	
Full forename(s)	Andrew	<b>① Other liquidator</b> Use this section to tell us about another liquidator.
Surname	Palmer	
<b>5</b>	<b>Liquidator's address ②</b>	
Building name/number	3 Hardman Street	<b>② Other liquidator</b> Use this section to tell us about another liquidator.
Street	Spinningfields	
Post town	Manchester	
County/Region		
Postcode	M 3 3 A T	
Country		

# LIQ03

## Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>															
From date	d	2	d	3	m	0	m	5	y	2	y	0	y	2	y	2
To date	d	2	d	2	m	0	m	5	y	2	y	0	y	2	y	3
<b>7</b>	<b>Progress report</b>															
<input checked="" type="checkbox"/> The progress report is attached																
<b>8</b>	<b>Sign and date</b>															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	d	2	d	8	m	0	m	6	y	2	y	0	y	2	y	3

LIQ03

Notice of progress report in voluntary winding up



**Presenter information**

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

Contact name **Kerry Bailey**

Company name **BDO LLP**

Address **5 Temple Square**

**Temple Street**

Post town **Liverpool**

County/Region

Postcode **L 2 5 R H**

Country

DX

Telephone **+44 (0) 1512 374 500**



**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



# Newburgh Precision Limited In Creditors' Voluntary Liquidation

Joint Liquidators' progress report from  
23 May 2022 to 22 May 2023

# CONTENTS

GLOSSARY OF TERMS	3
KEY INFORMATION	4
PROGRESS IN THE PERIOD	5
FUTURE ACTIONS	8
APPENDICES	
A: STATUTORY INFORMATION	9
B: CREDITORS' RIGHTS	10
C: RECEIPTS AND PAYMENTS ACCOUNT	11
D: JOINT LIQUIDATORS' REMUNERATION	13
E: JOINT LIQUIDATORS' EXPENSES	16

---

# GLOSSARY OF TERMS

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'DLA Piper'	DLA Piper UK LLP
'FSD'	Financial Support Direction
'HMRC'	HM Revenue & Customs
'Joint Liquidators' or 'we'	Kerry Bailey and Andrew Palmer
'Lombard'	Lombard North Central Plc
'NEC'	Newburgh Engineering Co Limited – In Creditors Voluntary Liquidation
'net property'	Floating charge realisations after costs and payment of preferential creditors in full
'Period'	23 May 2022 to 22 May 2023
'PPF'	Pension Protection Fund
'preferential creditors'	Claims for unpaid wages earned in the four months prior to Liquidation up to £800, holiday pay and unpaid pension contributions in certain circumstances
'Prescribed Part'	Where a company has granted a floating charge after 15 September 2003, under Section 176A of the Act a proportion of the net property available to a QFCH is set aside for the unsecured creditors of that company
'QFCH'	Qualifying Floating Charge Holder
'RBS IF'	RBS Invoice Finance Limited
'Report'	Prepared in accordance with Rules 18.3 and 18.7 of the Rules
'Rules'	Insolvency (England and Wales) Rules 2016
'S.75 debt'	Debt due to the trustees of the Scheme under s.75 of the Pensions Act 1995 in respect of the pension deficit.
'secured creditors'	Creditors whose debt is secured, in accordance with Section 248 of the Act
'the Company'	Newburgh Precision Limited
'the Parties'	Certain companies associated with NEC or the Company
'the Scheme'	NEC Defined Benefit Pension Scheme
'tPR'	The Pensions Regulator
'unsecured creditors'	Creditors who are neither secured nor preferential

# KEY INFORMATION

## Background

Kerry Bailey and Andrew Palmer were appointed Joint Liquidators of the Company on 23 May 2019. The Company was previously in Administration.

## Purpose of the Report

This is the annual Report for the period from 23 May 2022 to 22 May 2023.

The main purpose of the Report is to provide you with an update on the progress of the Liquidation during the Period.

The Report can be reviewed in conjunction with all other reports regarding this Liquidation and the preceding Administration undertaken by Begbies Traynor, on the [brportal.bdo.co.uk](http://brportal.bdo.co.uk) portal.

## Return to creditors

The table below summarises the anticipated outcome for creditors, based on our current understanding of the case. Please note these figures may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors	Paid in full	Paid in full
Preferential creditors	100p	100p
Unsecured creditors <sup>1</sup>	6p	6p

1. The Prescribed Part will not apply in the Liquidation as RBS IF have been repaid in full under their fixed charge security during the preceding Administration.

## What creditors need to do

The purpose of the Report is to provide you with an update only and the creditors of the Company do not need to take any actions at this time.

## Creditors' rights

An overview of the rights of creditors are detailed in Appendix B.

## Contact details

Contact: Patrick Argent  
Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH  
Tel: +44 (0)7586 481 610  
Email: [BRCMTNorthandScotland@bdo.co.uk](mailto:BRCMTNorthandScotland@bdo.co.uk)  
Reference: NEWPREC01

# PROGRESS IN THE PERIOD

## Asset realisations

No assets have been realised during the Period.

All recoverable assets have been realised.

## Investigations

As previously reported, the Joint Liquidators have completed a review of the Company's affairs and assets to establish if there are any actions to investigate for the benefit of creditors.

The Joint Liquidators have investigated the affairs of the Company and the circumstances leading to the Administration. In particular, it has been necessary for the Joint Liquidators to consider the Company's financial position, trading history and a large number of transactions with an associated company, NEC. As a result, the investigations were time consuming and required significant involvement from the Joint Liquidators, along with their staff.

Based on our investigations and findings the Joint Liquidators obtained legal advice, from DLA Piper, on potential rights of action against various parties.

DLA Piper advised that there was little prospect of a successful action being taken against the parties identified.

## Settlement with tPR

NEC operated a defined benefit pension scheme. When NEC entered Administration, on 19 October 2018, this triggered a S.75 debt and it was estimated that the Scheme had a deficit at the time of circa £8.5m. Given the significant shortfall to the Scheme, it moved into the PPF assessment period.

tPR investigated and considered that it would be reasonable to exercise its regulatory powers to seek to obtain financial support for the Scheme from certain other entities associated with NEC (collectively the Parties). An FSD requires parties to whom it is addressed to put in place financial support to meet the Scheme deficit.

tPR issued a Warning Notice on 30 March 2021 to the Parties (but not the Company) in respect of the potential FSD. tPR alleged that the Parties had benefited directly and indirectly from NEC to the detriment of the Scheme and it was therefore reasonable for the Parties to be required to provide financial support to the Scheme.

tPR and the Parties entered into without prejudice settlement discussions regarding the Warning Notice. As part of this, the Parties sought an agreement from the Liquidators of both NEC and the Company not to pursue any of the Parties, their directors or the Company's Directors in relation to any claims the Company and NEC may have had against them in the Liquidation.

The Company was not a target of tPR's original Warning Notice. However, tPR subsequently determined that it would be appropriate to issue regulatory action against the Company as it had benefitted from historical transactions with NEC to the detriment of the Scheme. As a result, tPR issued a pre-action letter against the Company under section 43 of the Pensions Act 2004 detailing that tPR would seek to submit an FSD against the Company for the full value of its S.75 debt (then estimated to be £9.046m).

tPR advised that it would not pursue the FSD against the Company if it entered into a settlement agreement with the Parties and the Trustees of the Scheme whereby the Company would agree not to pursue claims against the Parties, their Directors or the Company's Directors in relation to actions the Company had against them.

Had the FSD been imposed on the Company, total creditor claims received would have increased to £11.7m, which would have significantly diluted the dividend available to the remaining unsecured



creditors of the Company. If the FSD claim had been submitted it was estimated that the dividend, to unsecured creditors, would reduce to 2p in the £. This compares to the current estimated dividend to unsecured creditors of 6p in £, without the FSD claim.

Therefore, the Joint Liquidators had the option either to challenge the FSD regulatory action proposed by tPR, which would have incurred significant legal and Joint Liquidator costs, further reducing the amount available to creditors, or be party to the proposed settlement agreement and agree not to pursue the Parties in relation to certain rights of action.

In circumstances where such claims either (on the evidence available and without further costly investigation) had limited prospects of success or were not cost-effective to pursue, the Joint Liquidators considered that agreeing not to pursue the actions would have no impact upon the outcome for creditors but rather would improve their position by (a) saving the cost of defending the threatened FSD and (b) avoiding an unsecured claim being lodged in relation to the FSD, thereby diluting the return for the other creditors.

The Joint Liquidators therefore deemed it in the best interests of creditors to enter into the settlement agreement on the following terms:

- tPR would not impose an FSD on the Company;
- Certain of the Parties that had submitted claims against the Company, totalling £0.4m, would withdraw their claims;
- the Company would not pursue any claims against the Parties or their directors or the Company's directors; and
- tPR would cease to pursue any regulatory action against the Company in connection with the matters in the Warning Notice.

Following protracted negotiations, the settlement agreement was finalised on 8 December 2022.

This settlement agreement therefore benefits creditors as it avoids potential additional creditor claims being submitted in the Liquidation of £9.5m, being the FSD claim of £9.1m and the associated Parties' claims of £0.4m, therefore improving the return to unsecured creditors, and avoids significant costs to be incurred in relation to defending the FSD.

## Distributions to creditors

### Secured creditors

The Company had two secured creditors, Lombard and RBS IF.

#### Lombard

Lombard was granted a chattel mortgage by the Company on 9 April 2014, delivered to the Registrar of Companies on 16 April 2014. This charge remained in place to cover any shortfall due to Lombard in respect of live finance agreements.

As at the date of the preceding Administration appointment, Lombard's indebtedness was £840,113. As part of the transfer of the business, the assets in relation to the finance agreements were sold for a sum of £737,000, leaving a shortfall of £103,113. Following sales of the remaining assets, subject to the chattel mortgage, Lombard were repaid in full during the Administration.

#### RBS IF

The Company also granted a fixed and floating charge to RBS IF on 28 April 2014, delivered to the Registrar of Companies on 1 May 2014.

RBS IF held a fixed charge over the Company's book debts under the terms of this security and were owed £326,149 as at the date of Administration.

---

Following the collection of the book debts, RBS IF were repaid in full during the preceding Administration.

#### Preferential creditors

The Company's employees were transferred to the Purchaser and the pension scheme previously operated by the Company was closed, leaving approximately £16,054 in unpaid contributions.

We understand the scheme administrator will seek to make a preferential claim for an outstanding balance of £16,054. Based on present information preferential creditors will be paid in full.

#### Prescribed Part

At the date of appointment the Company had no outstanding floating charge security granted after 15 September 2003 and therefore the Prescribed Part will not apply in this Liquidation.

#### Unsecured creditors

As detailed in the return to creditors section of the Report, it is anticipated that a dividend will be paid to unsecured creditors. It is anticipated that a dividend will be paid in the next 2 months.

#### Intercompany unsecured claim

As previously reported, significant work has been undertaken on a debt owed to a connected company, NEC which is also in Liquidation. The debt owed at the time of the Administration was £1.4m. However, prior to the Administration there was a debt for equity swap, whereby £4.4m of debt owed by the Company to NEC was swapped for 10% of shares in the Company.

Given NEC did not receive significant consideration for the debt for equity swap, the Liquidators of NEC were of the view that the transaction may be a 'transaction at an undervalue'. NEC therefore submitted an unsecured claim for £5.8m against the Company.

The Joint Liquidators instructed DLA Piper to provide legal advice in relation to the level of claim that should be admitted. The Company and NEC subsequently instructed Counsel on a joint basis to adjudicate on the claim. Subsequently, the Company received a reduced unsecured claim from NEC of £1.4m.

The work undertaken by the Joint Liquidators and DLA Piper has resulted in a claim reduction from £5.8m to £1.4m. As a result, the remaining unsecured creditors will receive a larger dividend and this work has proven to be in the interests of the creditors as a whole.

#### Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as Joint Liquidators in this Liquidation.

#### Joint Liquidators' remuneration

The Joint Liquidators' remuneration was approved on a time costs basis in accordance with the revised fees estimate circulated to creditors on 5 April 2023.

During the Period, time costs of £81,219 were incurred over 277 hours at an average rate of £293 per hour. No remuneration was drawn in the Period.

A detailed report of the time incurred by the Joint Liquidators and a narrative of the work done during the Period is attached in Appendix D.

#### Joint Liquidators' expenses

Expenses paid during the Period are detailed in the receipts and payments account at Appendix C.

A breakdown of expenses incurred is set out in Appendix E.

---

## FUTURE ACTIONS

The following matters will be undertaken before the Joint Liquidators can conclude the Liquidation:

- Confirm the preferential claim from the pension scheme provider and pay a preferential dividend in full.
  - Submit final corporation tax returns and VAT returns.
  - Calculate and pay an unsecured distribution to unsecured creditors.
  - Finalise all necessary statutory closure matters and take steps to close the Liquidation.
-

# APPENDIX A

## STATUTORY INFORMATION

### Information

---

Company name	Newburgh Precision Limited
Company registration number	08847562
Registered office	C/o BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Date of appointment	23 May 2019
Joint Liquidators	<p>Kerry Bailey Andrew Palmer</p> <p>Under the provisions of section 231 of the Act the Joint Liquidators carry out their functions jointly and severally meaning any action can be done by one Liquidator or by both of them.</p>
Joint Liquidators' address	BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT
Data Control and GDPR	<p>Kerry Bailey and Andrew Palmer are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Liquidators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Liquidation of Newburgh Precision Limited. Please see the privacy statement at <a href="https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies">https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies</a></p>

---

## APPENDIX B

### CREDITORS' RIGHTS

Within 21 days of receipt of the Report (1) a secured creditor, (2) an unsecured creditor with the concurrence of at least 5% in value (including the creditor in question) of the unsecured creditors; or (3) any unsecured creditor with the permission of court, may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which are itemised in the Report.

Within 14 days of receipt of the request, the Joint Liquidators must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive, or
- disclosure of the information would be prejudicial to the conduct of the Liquidation or might reasonably be expected to lead to violence against any person, or
- the Joint Liquidators are subject to confidentiality obligations in respect of the information.

The Joint Liquidators must give reasons for not providing all of the requested information.

Any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors may, within eight weeks of receipt of the Report, make an application to court that the basis fixed for the Joint Liquidators' remuneration, the remuneration charged, or the expenses incurred by the Joint Liquidators, as set out in the Report, are excessive.

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Liquidators' Fees' and information on the rights, duties and functions of a liquidation committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Liquidators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Liquidation. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

---

# APPENDIX C

## RECEIPTS AND PAYMENTS ACCOUNT

**Newburgh Precision Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 23/05/2022 To 22/05/2023 £	From 23/05/2019 To 22/05/2023 £
ASSET REALISATIONS		
Book Debts	NIL	114,866.69
VAT Refund	NIL	54,446.66
Cash at Bank	NIL	6,315.26
Bank Interest Gross	NIL	1,189.41
Administration surplus	NIL	295,926.63
	NIL	472,744.65
COST OF REALISATIONS		
Pre-appointment Liquidators' Fees	NIL	7,013.80
Liquidator's Fees	NIL	28,811.45
Liquidators Disbursements	NIL	241.22
Pre appointment costs	NIL	32,770.93
Agents fees	NIL	500.00
Legal Fees	13,976.00	56,476.00
Counsel's Fees	NIL	1,000.00
Corporation Tax	NIL	225.99
Stationery & Postage	NIL	955.70
	(13,976.00)	(127,995.09)
	<b>(13,976.00)</b>	<b>344,749.56</b>
REPRESENTED BY		
Vat Input		2,795.20
Bank 2 Current		341,954.36
		<b>344,749.56</b>

## APPENDIX D

### JOINT LIQUIDATORS' REMUNERATION

The Joint Liquidators' remuneration has been approved on a time costs basis.

Time costs of £81,219 have been incurred during the Period and a breakdown is detailed below, together with details of the work undertaken.

Activity	Partner	Director	Senior manager	Manager	Senior executive	Executive	Total hours	Time costs £	Av. Rate £
Planning and strategy	20.55	4.35	0.20	-	3.30	-	28.40	17,465.50	614.98
General administration	0.50	4.65	12.75	0.40	34.10	12.05	64.60	14,527.05	221.77
Asset realisation/dealing		9.25	0.60	-	1.85	-	11.70	6,033.55	515.69
Employee matters	-	-	5.15	11.25	15.55	3.35	35.30	7,333.45	207.75
Creditors' claims	12.50	1.05	7.05	6.30	21.25	1.25	49.40	16,331.15	323.16
Reporting	0.90	3.15	20.05	4.95	13.55	6.95	49.55	12,682.35	256.01
Distribution and closure	-	-	5.10	25.60		7.40	38.10	6,846.15	179.69
TOTAL	34.45	22.45	50.90	48.50	89.60	31.00	276.90	81,219.20	293.32

Details of the work undertaken in the Period is detailed below.

#### Planning and strategy

- Attending internal meetings to discuss the Settlement Agreement
- Preparation of Strategy documents
- Review of business processes and systems
- Liaising with DLA Piper in relation to the investigation strategy and NEC's unsecured creditor claim.

#### General administration

- Ongoing maintenance and reconciliation of the Liquidation bank account and other cashiering functions
- Preparation and completion of internal reviews
- Obtaining approval for the Joint Liquidators remuneration
- Preparing and submitting VAT returns
- Discussion with the Parties, tPR and the PPF re the FSD and the antecedent transactions identified
- Negotiations with tPR in respect of a settlement agreement, including an assessment of the estimated outcome for creditors in the various situations.
- Preparing and submitting corporation tax returns



## Employee matters

- Finalising position in respect of pension scheme arrears.

## Creditors' claims

- Review of other creditor claims
- Processing of creditors' claims forms and entering onto IPS
- Review of NEC's creditor claim as detailed earlier in the report
- Liaising with DLA Piper and counsel regarding NEC's creditor claim as detailed in the report

## Reporting

- Preparation and distribution of the progress report to members and creditors
- Obtain remuneration approval for the Joint Liquidators fees in the Liquidation

## Distribution and closure

- Review of the Pension scheme for details on the preferential claim
- Agreement of unsecured creditors' claims
- Request clearance from HMRC
- Closure Planning
- Issue Notice of Intended Dividend to unsecured creditors

The current charge out rates per hour of staff within the firm who may be involved in working on the Liquidation are as follows:

Grade	£
Partner	690
Director	386-772
Senior Manager	322-643
Manager	176-470
Senior Executive	141-328
Executive	86-173
BDO LLP tax department (max)	1208

### Cumulative time incurred to fees estimate comparison

Total time costs £176,793 have been incurred over the course of the Liquidation to 22 May 2023 as detailed below.

Activity	Estimated			Total Incurred		
	Hours	Average Rate £	Time costs £	Hours	Average Rate £	Time costs £
Steps on appointment	12.25	128.47	1,573.75	15.45	226.84	3,504.70
Planning and strategy	66.25	601.04	39,819.05	67.80	599.97	40,677.70
General administration	259.40	182.31	47,291.52	269.75	185.28	49,980.25
Asset realisation/dealing	30.40	409.86	12,459.85	28.90	395.32	11,424.85
Employee matters	26.00	204.86	5,326.39	36.15	206.67	7,471.10
Creditors' claims	176.70	258.24	45,630.99	161.20	248.62	40,077.70
Reporting	74.90	197.78	14,813.45	75.80	215.05	16,301.10
Distribution and closure	94.30	146.69	13,833.30	44.45	165.48	7,355.50
TOTAL	740.20	244.19	180,748.30	699.50	252.74	176,792.90

That the Joint Liquidators' remuneration has been approved on a time costs basis in accordance with the revised fees estimate totalling £180,748.30, to be capped to £157,000.

## APPENDIX E

### JOINT LIQUIDATORS' EXPENSES

The Joint Liquidators' expenses incurred and paid are detailed below.

	Estimated £	Incurred in Period 23/05/2022 to 22/05/2023 £	Total Incurred 23/05/2019 to 22/05/2023 £	Total Paid 23/05/2019 to 22/05/2023 £
Category 1				
Pre appointment costs	-	-	32,770.93	32,770.93
Agents fees	-	-	500.00	500.00
Legal Fees*	-	13,976.00	56,476.00	56,476.00
Counsel's Fees	-	-	1,000.00	1,000.00
Corporation Tax	-	-	225.99	225.99
Stationery & Postage	-	-	955.70	955.70
*Statutory Advertising	-	-	162.00	162.00
*Staff Travel	-	-	79.10	79.10
*Statutory Bonding	-	-	100.00	0.00
Category 2				
None	-	-	-	-

\*included within disbursements on the attached receipts and payments account.

1. Legal fees were paid to DLA Piper. DLA Piper were instructed to provide advice in relation to the investigations into the Company's affairs and to provide advice into NEC's unsecured creditor claim. DLA Piper were selected due to knowledge and expertise.