

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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A33

03/05/2018

#44

COMPANIES HOUSE

1 Company details

Company number 0 9 6 6 8 9 7 5

Company name in full Ditecsa UK Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Peter

Surname O'Hara

3 Administrator's address

Building name/number Wesley House

Street Huddersfield Road

Post town Birstall, Batley

County/Region West Yorkshire

Postcode W F 1 7 9 E J

Country

4 Administrator's name ①

Full forename(s)

Surname

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

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	1	m	1	m	0	y	2	y	0	y	1	y	7
To date	d	3	d	1	m	0	m	3	y	2	y	0	y	1	y	8

7 Progress report

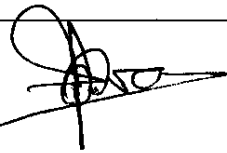
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d	2	d	4	m	0	m	4	y	2	y	0	y	1	y	8
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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	Mike Sharp
Company name	O'Hara & Co
Address	Wesley House Huddersfield Road
Post town	Birstall, Batley
County/Region	West Yorkshire
Postcode	W F 1 7 9 E J
Country	
DX	
Telephone	01924 477449



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

Ditecsa UK Limited
(In Administration)
Administrator's Trading Account

Statement of Affairs £	From 01/10/2017 To 31/03/2018 £	From 31/03/2017 To 31/03/2018 £
PURCHASES		
Purchases (1)	NIL	521.55
	NIL	(521.55)
OTHER DIRECT COSTS		
Direct Labour	2,125.67	16,425.07
Employees Expenses	1,020.10	6,427.14
	(3,145.77)	(22,852.21)
TRADING EXPENDITURE		
Rents	NIL	4,000.00
Telephone	NIL	1,404.88
PAYE/NIC	791.20	4,746.60
Payroll Expenses	150.00	200.00
	(941.20)	(10,351.48)
TRADING SURPLUS/(DEFICIT)	(4,086.97)	(33,725.24)

Ditecsa UK Limited
(In Administration)
Administrator's Summary of Receipts & Payments

Statement of Affairs £	From 01/10/2017 To 31/03/2018 £	From 31/03/2017 To 31/03/2018 £

REPRESENTED BY

Vat Receivable
Bank 1 Current
Vat Payable

19,941.08
829,823.21
(636.40)

849,127.89



Peter O'Hara
Administrator

Our Ref: POH/MJS
Your Ref:

18th April 2018

To the Creditors



Wesley House
Huddersfield Road
Birstall
Batley
WF17 9EJ

Tel: 01924 477449
Fax: 01924 475262

Dear Sirs



DITECSA UK LIMITED IN ADMINISTRATION

Pursuant to Rule 18.6 of the Insolvency (England & Wales) Rules 2016, I write to provide you with a progress report on the above matter. Enclosed for your attention is a copy of my up to date receipts and payments account and a time costs summary in Statement of Insolvency Practice 9 format. This report should be read in conjunction with my report and proposals for achieving the purpose of the administration of the above company sent to creditors on the 26th May 2017 and the first progress report dated 20th October 2017.

1. Details of Appointment

Name of Company: Ditecsa UK Limited
Company number: 09668975
Court reference: High Court of Justice, Chancery Division,
Leeds District Registry, no 330 of 2017
Registered office: Wesley House
Huddersfield Road
Birstall
Batley
WF17 9EJ
Administrator: Peter O'Hara
Date of appointment: 31st March 2017
Authorising Body: Insolvency Practitioners Association
IP number 6371

By order of the High Court of Justice dated 21st February 2018 the administration was extended until the 31st March 2019

2. Asset Realisations

A Chattel Assets and Stock

All chattel assets have been realised as set out in my first report to creditors. I have not been made aware of any additional chattel assets and do not expect to make any further recoveries of this nature.

B Rent Deposits

The Company rented various residential properties for members of staff domiciled abroad but requiring a base when working in the UK. All tenancies have now expired or been terminated and I have recovered the sum of £5,107 in respect of deposits lodged with landlords' agents as a condition of the granting of the tenancies.

C Cash and Interest

Following the administration of the Company and the continued involvement of Claire Swan, she retained a small petty cash fund. Following Claire's death, I have recovered the sum of £46.06 from that petty cash fund.

Bank interest of £330.59 has been received on monies held by me in the administration.

D LINDE Contract – Manchester

As previously reported, the Company was involved in a contract to construct a bio-mass plant at Manchester on behalf of LINDE. Whilst the contract was substantially completed, some final works were required which were undertaken by Ditecsa SA Limited, the holding company of Ditecsa UK Limited. The works have now been finally concluded. I instructed quantity surveyors Cooper & Hall, to deal with the claim for payment from Linde on my behalf. As a result of their efforts, LINDE made an interim payment of £279,170 and a subsequent payment of £92,239.17. There is a retention of 66,851 euros (namely 5% of the contract) as a warranty bond. These funds are due to be released (subject to any warranty claims) in September 2018.

Without the assistance of Ditecsa SA, this contract could not have been completed and the Company would have faced contractual claims from Linde. The costs incurred by Ditecsa SA in completing the works have now been received and are being verified by our quantity surveyors. The costs of completing the contract from the 31st March 2017 to its completion will be an expense of the administration.

E SIRO (CEREALTO) Contract – Worksop

The main purpose of the administration is to enable the Company to pursue an adjudication in respect of a contract undertaken by the Company at a site in Worksop with SIRO UK Limited (now rebranded CERALTO UK Limited).

I have appointed the abovenamed Cooper & Hall to quantify the Company's claim and prepare the supporting evidence and documentation for the purposes of the adjudication.

I also retained the services of Claire Swann a former employee of Ditecsa UK Limited to assist Cooper & Hall in their efforts to formulate the claim. Sadly Claire died in October 2017 which has resulted in a significant increase in the involvement of Cooper & Hall to collate the evidence and claim.

I have also instructed Hawkswell Kilvington solicitors to pursue the adjudication on behalf of the Company. The claim is currently due to be considered by the adjudicator in May 2018 who will give directions on any additional information he requires before giving his judgment on the opposing claims.

The claim is extensive and complex and has resulted in a number of progress and strategic planning meetings being necessary between myself and the professionals concerned. It was decided that before the matter progressed to formal adjudication, the claim should be discussed quantity surveyor to quantity surveyor with a view to narrowing down the issues in dispute to be determined at the adjudication.

The formulation of the claim has also involved various members of staff of Ditecsa SA who were involved in the contract. An additional expense of the administration will be the cost of co-opting the involvement of Ditecsa SA and its staff. Various meetings have been necessary to understand the mechanics of the contract and legal obligations and requirements of both parties to the building works

The quantity surveyors investigations have brought to light the following issues:

1 The scale of the difference between the works originally contracted to be supplied by the Company for the project and the variations and extras subsequently requested by SIRO UK Limited is significant. It is anticipated that the Company's claim will be significantly in excess of the £1,174,264 estimate referred to in the statement of affairs. It would be premature at this stage to attempt to quantify the level of the claim but suffice it to say it is substantial and if adjudication is in the Company's favour and monies recovered, it will be of significant advantage to creditors.

2 The claim has been complicated by the premature termination of the contract by CEREALTO UK. The Company's claim consists of a combination of :

- a) Claims for works completed under the original contract which remain unpaid.
- b) Claims for damages for the premature termination of the contract.
- c) Claims for variation works completed but not paid for.
- d) Claims for damages for variation works contracted to be done but not completed due to the premature termination of the contract

3 My quantity surveyors have identified approximately 450 variations to the original contract. The claim has involved my quantity surveyors trawling through thousands of e-mails and notes to understand the nature of the variations, their impact on the original works completed or partially completed and the agreed costs implications of such works or where there was no specific agreement the valuation of the costs on a quantum meruit basis. Creditors should not underestimate the extent of the task of putting it in order and quantifying the level of the claim.

4 Discrepancies have become apparent in relation to some subcontractors claims for works undertaken. These discrepancies may have an effect on the ultimate level of claims to be admitted in the administration. The frustration of some creditors has centred around my quantity surveyor's inability to agree their claims. Unfortunately many of the claims are tied into the claim against Cerealto UK and cannot be determined in isolation. There is also an issue whether Cerealto have paid sub-contractors direct in relation to works done under the contract (which should be paid to the Company not the subcontractors' direct) and what works have been completed by the subcontractors direct with Cerealto since administration for which they have been paid and for which they should not be paid a second time as part of their claim in the administration.

As mentioned above, due to the magnitude of the claim, the parties quantity surveyors have entered into discussions with a view to agreeing as much as possible and narrowing the adjudication to the issues actually in dispute. The quantity surveyors are now holding regular monthly meetings to consider progress and to deal with outstanding queries and to bring to the opposite side any additional issues which have been brought to light in the intervening month.

Creditors

Secured

There are no secured creditors

Preferential

Whilst the director's estimated statement of affairs anticipated arrears of pay/holiday pay to be approximately £3,000, no claim has yet been received. This may be due to the fact that the Company had only one employee as at the date of the administration and as indicated earlier she was retained by the Company up to her death in October. Consequently it is anticipated that there will be no claim by this class of creditor.

Unsecured

The director's statement of affairs anticipated claims in the region of £4,653,156. To date I have received claims totalling £3,389,034. The following issues remain outstanding:

1 Claims are being verified by the quantity surveyors and I reserve the right to challenge any overstated claim.

2 The above figures do not include the claim from Ditecsa SA. Ditecsa SA have informed me that SIRO had obtained a performance bond from Banco Santander which SIRO have enforced, Banco Santander has made payment as required by Spanish law and Ditecsa SA has been required to reimburse the bank under its guarantee. The amount guaranteed was £550,000. Ditecsa SA's claim both at unsecured and administration expense level is still being resolved.

3. Administrators' Remuneration

My post appointment time costs are reflected in the attached Statement of Insolvency Practice 9 time costs summary and total £111,037. I have not drawn any fees on account against these costs to date.

If I anticipate that the fees will exceed the original assessment of £125,244, I will revert to creditors at the appropriate time.

As reflected in the attached receipts and payments account, I have also made various payments over the past six months in relation to disbursements, including legal fees to Hawkswell Kilvington Solicitors and Wilkinsons Solicitors in a total sum of £2,636, quantity surveyor fees to Cooper & Hall of £77,028, insurance costs (employer liability insurance) to Marsh of £112 and a bond of £490

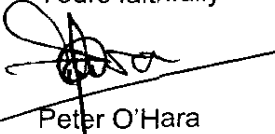
In addition, up until her death I retained the services of Claire Swann. I incurred additional direct salary costs of £2,125 plus £791PAYE/NIC together with her expenses (rent and telephone) together with an additional £150 paid to the Company's accountants to maintain the payroll for this employee. Furthermore as I required her to be based at the quantity surveyors' offices in

Tadcaster, I incurred rental costs of living accommodation for her in the total sum of £5,500.

4. **Conclusion**

I trust the above is self-explanatory although should you require any further information, please do not hesitate to contact me. In the meantime, I can confirm that the Administration Order will automatically end on 30th March 2019. I will report to creditors following the next six monthly update report in October 2018. However as this administration is focussed on the adjudication, I will report further to creditors when the adjudicator has given his ruling.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Peter O'Hara', written over a horizontal line.

Peter O'Hara
Administrator

**Ditecsa UK Limited
(In Administration)**

Summary of Receipts & Payments

RECEIPTS	Statement of Affairs (£)	From 31/03/2017 To 30/09/2017 (£)	From 01/10/2017 To 31/03/2018 (£)	Total (£)
Plant & Machinery		3,182.00	0.00	3,182.00
Work in Progress (Manchester)	Uncertain	279,170.82	92,239.17	371,409.99
Rent Deposits		0.00	5,107.00	5,107.00
Yorkshire Water Refund		20.21	0.00	20.21
Cash at Bank (Sterling Account)	433,778.00	622,545.35	0.00	622,545.35
Cash in Hand of Solicitors		4,553.86	0.00	4,553.86
Petty cash realisation		0.00	46.06	46.06
Bank Interest Gross		0.00	330.59	330.59
Contribution to Costs		20,000.00	0.00	20,000.00
Petitioners Deposit		1,550.00	0.00	1,550.00
		931,022.24	97,722.82	1,028,745.06
PAYMENTS				
Purchases (1)		521.55	0.00	521.55
Direct Labour		14,299.40	2,125.67	16,425.07
Employees Expenses		5,407.04	1,020.10	6,427.14
Rents		4,000.00	0.00	4,000.00
Telephone		1,404.88	0.00	1,404.88
PAYE/NIC		3,955.40	791.20	4,746.60
Payroll Expenses		50.00	150.00	200.00
Specific Bond		1,030.00	490.00	1,520.00
Pre-Appointment Time Costs		14,190.00	0.00	14,190.00
Quantity Surveyors Fees		24,324.90	77,028.73	101,353.63
Agents Fees (Chattel Assets)		2,322.70	0.00	2,322.70
Legal Fees		11,214.10	2,636.50	13,850.60
Counsels Fees		1,500.00	0.00	1,500.00
Petitioners Legal Fees		5,290.00	0.00	5,290.00
Statutory Advertising		143.00	0.00	143.00
Rents Payable		0.00	5,500.00	5,500.00
Insurance of Assets		110.00	112.00	222.00
		89,762.97	89,854.20	179,617.17
Net Receipts/(Payments)		841,259.27	7,868.62	849,127.89
MADE UP AS FOLLOWS				
Vat Receivable		11,931.60	8,009.48	19,941.08
Bank 1 Current		829,964.07	(140.86)	829,823.21
Vat Payable		(636.40)	0.00	(636.40)
		841,259.27	7,868.62	849,127.89

Time Entry - SIP9 Time & Cost Summary

D396 - Ditecsa UK Limited
All Post Appointment Project Codes
From: 01/10/2017 To: 31/03/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	24.50	0.00	20.40	9.70	54.60	15,940.00	291.94
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.40	0.00	10.40	3.00	13.80	3,450.00	250.00
Investigations	1.80	0.00	10.30	0.00	12.10	3,462.50	286.16
Realisation of Assets	0.30	0.00	3.50	0.00	3.80	1,067.50	280.92
Trading	0.00	0.00	0.40	0.00	0.40	110.00	275.00
Total Hours	27.00	0.00	45.00	12.70	84.70	24,030.00	283.71
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

D396 - Ditecsa UK Limited
All Post Appointment Project Codes
From: 01/04/2017 To: 31/03/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	122.90	0.00	39.60	35.50	198.00	57,372.50	289.76
Case Specific Matters	0.00	0.00	6.80	0.00	6.80	1,870.00	275.00
Creditors	39.10	0.00	34.00	7.20	80.30	21,400.00	266.50
Investigations	8.60	0.00	23.50	0.00	32.10	9,187.50	286.21
Realisation of Assets	39.00	0.00	16.90	0.00	55.90	16,100.00	288.01
Trading	4.40	0.00	13.90	0.00	18.30	5,107.50	279.10
Total Hours	214.00	0.00	134.70	42.70	391.40	111,037.50	283.69
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	