

TO ALL KNOWN CREDITORS

7 May 2021

Ref: CPD/SEC/LJ/D16.1

Direct line: 0141 226 9332
Laura Jones
scarragher@parthenon.ey.com

Dear Sirs

Transflex Vehicle Rental Limited (In Administration) ('the Company')

High Court of Justice, Newcastle upon Tyne District Registry, Number 200 of 2018

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the Administration. This report covers the period from 16 October 2020 to 15 April 2021 and should be read in conjunction with our Statement of Proposals ('the Proposals') dated 23 April 2018 and our previous progress reports dated 14 November 2018, 15 May 2019, 8 November 2019, 11 May 2020 and 11 November 2020. Certain statutory information about the Company, the Administration and the office holders is given at Appendix 1.

Summary of progress since our last report

Leasehold properties

As part of the sale of the Company's business and certain assets to Dawsongroup Vans Limited ('Dawsongroup') immediately following the appointment, we granted Dawsongroup a licence to occupy the Company's four leasehold properties until the leases could be assigned to Dawsongroup or new leases agreed. Three of the four leases have completed, and, although there continues to be delays with the lease for the remaining site at Buckingham, we are anticipating that matters will be concluded shortly.

Debtors

The key asset not included in the sale was the Company's debtor book of £3.5m (net of £0.4m owed by other group companies). Pursuant to the terms of the sale agreement, Dawsongroup were appointed to collect the book debts on behalf of the Administrators on a commission basis for the six months following completion of the sale.

External debt collection agents were subsequently appointed in December 2018 to continue pursuing the remaining outstanding debtor balances and we are pleased to advise that this exercise is now complete with total realisations of £2.75m achieved.

During the period, a VAT bad debt relief claim in respect of the uncollectable book debts was accepted by HM Revenue and Customs ('HMRC') as part of the overall agreement of HMRC's claim in the Administration (discussed further below).

Extension of Administration

We are pleased to advise that the High Court of Justice has recently granted an extension of the Administration by 12 months to 15 April 2022 and the necessary statutory form has been filed with the Registrar of Companies. We do not anticipate that any further extensions will be required and are hopeful that we will be in a position to close the Administration within the next 6 months.

Receipts and payments account

A summary of our receipts and payments for the period from 16 October 2020 to 15 April 2021 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

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.

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.

In accordance with our fee estimate dated 23 April 2018, our remuneration of £500,148 was initially fixed on a time-cost basis by a resolution of the creditors on 10 May 2018. Our revised fee estimate dated 15 November 2019 was subsequently approved by the creditors, fixing our remuneration at £749,766. During the period covered by this report, we have incurred time costs of £120,189 bringing total time costs to £839,687. Of this sum, £719,496 has been invoiced and paid to date. An analysis of the time spent and a comparison with the revised fee estimate is attached as Appendix 4 to this report.

We anticipate that our remuneration will exceed the revised fee estimate by £150,000. The main reason for this is that the revised fee estimate was based on an assumption that we would be in a position to close the Administration by 15 April 2021. However, it became apparent during the last 6 months that additional time would be required to assign the remaining lease, finalise the adjudication of non-preferential claims, pay a dividend to non-preferential creditors and bring the Administration to a close. As noted above, a further extension of the Administration to 15 April 2022 was granted by the Court resulting in additional time costs being incurred.

We will not draw remuneration in excess of the revised fee estimate without the prior approval of the Company's creditors, which we will shortly seek under separate cover.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred and paid expenses totalling £3,312 plus VAT. There is a breakdown of these expenses at Appendix 3 of this report.

We anticipate that a significant proportion of the remaining estimate of expenses to close of £99,723 will not ultimately be required.

Distributions to creditors

No distributions have been made to date.

Secured creditors

Whilst Barclays Bank held a qualifying floating charge over the assets of the Company, no sums were due to them at the date of appointment.

In addition, a number of vehicle funders had security over vehicles and hire agreements supplied to the Company at the date of appointment. The Company's interests in the vehicles and hire agreements were assigned to Dawsongroup as part of the pre-pack sale.

Preferential creditors

We are not aware of the existence of any preferential creditor claims given that all employees of the Company transferred to Dawsongroup under TUPE legislation.

Non-preferential creditors

As previously advised, there will be sufficient funds available to enable a distribution to be made to non-preferential creditors. Based on claims received/adjudicated to date and realisations achieved, we currently anticipate making a dividend payment of at least 40p in the £ which compares favourably with the estimate of 30p in the £ noted in our previous progress report.

The improved dividend is a result of completion of the adjudication of claims exercise with the level of claims having reduced from c£5.3m to c£4.1m. In particular, the Company's joint and several liability for VAT due by the T.O.M. group of companies has been agreed with HMRC at a significantly reduced amount due to offset of the VAT bad debt relief claims which we submitted in a number of the group companies.

In accordance with Rules 14.29 and 14.30 of the Insolvency (England and Wales) Rules 2016, we are pleased to advise that a Notice of Intention to declare a first and final dividend will be issued to all non-preferential creditors within the next 7 days and the dividend payment will be made within 2 months from the last date for proving, being 11 June 2021.

Application to Court for permission to make distribution to non-preferential creditors

During the period, the Court granted the Administrators permission to make a distribution to the non-preferential creditors in the Administration in terms of Paragraph 65(3)(b) of Schedule 1 of the Insolvency Act 1986. This avoids the increased costs of moving from Administration to Creditors' Voluntary Liquidation before a distribution can be made and also allows for a distribution to be made more quickly.

Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to Section 176A of the Insolvency Act 1986. As the floating charge holder had no debt at the date of appointment, the Prescribed Part will not apply in this case.

Administrators' Discharge from Liability

As we are hopeful that we will be in a position to close the Administration within the next 6 months, it is now appropriate for us to seek a decision from creditors by deemed consent on our discharge from liability as Joint Administrators, in accordance with the provisions of paragraph 98 of Schedule B1 to the Insolvency Act 1986. The formal notice in respect of our discharge will shortly be sent under separate cover. Discharge will take effect only after the Administration has ended.

Remaining work

We will continue to deal with the Administration in line with the stated objectives outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- managing property payments under the licence to occupy agreement with Dawsongroup and dealing with the remaining lease assignment;
- dealing with unsecured creditor enquiries;
- adjudicating on any further non-preferential claims arising following the Notice of Intention to declare a dividend being issued;
- paying a dividend to non-preferential creditors;
- finalising the Administration including the payment of all Administration period liabilities;
- preparing and filing post appointment corporation tax and VAT returns;
- completion of statutory and reporting requirements of the Administration;
- any such actions the Joint Administrators consider, in their reasonable opinion, are necessary and/or expedient to fulfil the purpose of the Administration; and
- bringing the Administration to a conclusion.

Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the earlier. In the meantime, if you have any queries regarding the content of this report, please contact my colleague, Laura Jones on 0141 226 9332.

Yours faithfully
For Transflex Vehicle Rental Limited (In Administration)



C P Dempster
Joint Administrator

Enc Appendix 1 – Statutory Information
 Appendix 2 – Joint Administrators' Receipts and Payment Account
 Appendix 3 – Summary of Joint Administrators' Expenses
 Appendix 4 – Joint Administrators' Time Costs

C P Dempster is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland and F L Taylor is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and F L Taylor, 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 UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), 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 Administrators' 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, Newcastle upon Tyne District Registry
Court reference:	200 of 2018
Registered name of the Company:	Transflex Vehicle Rental Limited
Registered office address of the Company:	c/o Ernst & Young LLP, 2 St Peter's Square, Manchester, M2 3EY
Registered number:	07841788
Country of incorporation (for a company incorporated outside the United Kingdom):	United Kingdom
Date of appointment of the Joint Administrators:	16 April 2018
Details of any changes of Administrator:	None
Full names of the Administrators:	Colin Peter Dempster and Fiona Livingstone Taylor
Office holder numbers:	8908 and 8787
Administrators' address:	Ernst & Young LLP, 144 Morrison Street, Atria One, Edinburgh, EH3 8EX
Telephone number:	0141 226 9332
Name of alternative person to contact with enquiries about the case:	Laura Jones

Appendix 2

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 16 October 2020 to 15 April 2021

Estimated to Realise per Directors' Statement of Affairs	Cumulative to 15 October 2020	Transactions since 16 October 2020	Cumulative to 15 April 2021	
	£	£	£	
Floating Charge Receipts				
3,076,203	Book debts	2,747,115	(4,706)	2,742,409
132,003	Cash at date of appointment	192,945	0	192,945
28,041,075	Motor vehicles	140,000	0	140,000
5,052	Plant & equipment	9,992	0	9,992
	Transfer of records & contracts	3	0	3
	Other assets	2	0	2
39,804	Stock	1	0	1
	Intellectual property	1	0	1
	Goodwill	1	0	1
	Sundry income	33	0	33
	Bank interest	22,162	393	22,555
	Prepaid licence to occupy income	(136)	0	(136)
31,294,137		3,112,119	(4,312)	3,107,806
Floating Charge Payments				
	Pre-Administration costs	206,206	0	206,206
	Wage arrears	94,468	0	94,468
	Debt collection - commission	134,877	35	134,912
	Legal fees	9,441	1,949	11,390
	Legal disbursements	115	1,320	1,435
	Public notices	370	0	370
	Corporation Tax	3,080	0	3,080
	Joint Administrators' fees	597,603	121,893	719,496
	Joint Administrators' disbursements	2,613	0	2,613
	Insurance	112	0	112
	Bank interest and charges	25	8	33
		(1,048,910)	(125,205)	(1,174,115)
		2,063,208	(129,517)	1,933,691
Represented by:				
	RBS current account			82,788
	BOS current account			1,850,362
	VAT receivable			541
				1,933,691

Notes

1. Receipts and payments are stated net of VAT

Appendix 3

Transflex Vehicle Rental Limited (In Administration)

Summary of Joint Administrators' expenses incurred

Type of Expense	Per estimate dated 23 April 2018	Paid as at 15 October 2020	Paid in period to 15 April 2021	Outstanding	Total
	£	£	£	£	£
Payments made from the estate which are not expenses (see notes 1 and 2 at the end of this table)					
Legal costs	75,000	9,535	3,269	62,196	75,000
Agents' fees	5,000	134,877	35	21,975	156,887
Statutory costs	2,000	370	-	1,630	2,000
Insurance	2,000	112	-	1,888	2,000
Storage	1,000	-	-	1,000	1,000
Bank charges	250	25	8	217	250
Corporation tax	10,000	3,080	-	6,920	10,000
Wage arrears	-	94,468	-	-	94,468
Category 1 expenses (see Note 2)					
Accommodation and subsistence	2,000	646	-	1,354	2,000
Specific penalty bond	1,000	1,110	-	-	1,110
External copying, printing and postage	500	699	-	801	1,500
Travel costs (exc. mileage)	400	50	-	350	400
Category 2 expenses (note 2)					
Mileage	1,500	108	-	1,392	1,500
Totals	100,650	245,080	3,312	99,723	348,115

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 expenses as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Expenses fall into two categories: Category 1 and Category 2.
 - Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the appointment.
 - Category 2 expenses are payments which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' time costs for the period from 16 October 2020 to 15 April 2021 and a comparison with the revised fee estimate dated 15 November 2019

Type of work	Per revised fee estimate dated 15 November 2019			Actual in this report period			Total actual to 15 April 2021		
	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £
Accounting & Administration	261.7	115,741	442	44.9	17,398	387	274.6	116,908	426
Bank & Statutory Reporting	182.4	78,454	430	-	-	-	144.1	61,894	430
Creditors	353.4	155,581	440	122.8	57,754	470	511.7	252,490	493
Debtors	174.6	110,165	631	2.7	931	345	160.3	103,037	643
Employee Matters	18.3	9,593	524	-	-	-	10.3	5,888	572
Immediate Tasks	22.4	14,575	651	-	-	-	22.4	14,575	651
Investigations	68.5	26,627	389	-	-	-	67.5	26,017	385
Legal Issues	24.2	16,002	661	9.4	5,578	593	31.7	20,942	661
Members	0.2	110	550	-	-	-	0.9	537	597
Other Assets	47.7	24,383	511	4.5	2,493	554	45.5	25,331	557
Other Matters	31.3	12,674	405	-	-	-	18.7	7,498	401
Property	76.2	39,040	512	9.1	5,064	557	71.9	37,090	516
Retention of Title	2.6	860	331	-	-	-	2.6	860	331
Statutory Duties	192.8	92,754	481	36.5	17,110	469	230.0	108,429	471
VAT & Taxation	122.5	53,208	434	28.0	13,861	495	125.6	58,191	463
Total Anticipated Fees (£)	1,578.8	749,766	475	257.9	120,189	466	1,717.8	839,687	489

Category of work	Description of work completed
Accounting & Administration	<ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting.
Bank & Statutory Reporting	<ul style="list-style-type: none"> ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to creditors (as applicable). ▶ Arranging for application to court for permission to make distribution to non-preferential creditors
Debtors	<ul style="list-style-type: none"> ▶ Working with the Purchaser and agents to realise value from book debts and prepayments. ▶ Discussing and agreeing book debt collection with debtors.
Employee Matters	<ul style="list-style-type: none"> ▶ Writing to employees regarding TUPE related matters. ▶ Dealing with any employee enquiries.
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals.
Investigations	<ul style="list-style-type: none"> ▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders". ▶ The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986.
Job Acceptance & Strategy	<ul style="list-style-type: none"> ▶ Matters relating to the appointment and initial planning of the Administration strategy, including meetings with the Company's directors and management and formulating and executing the strategy adopted.

	<ul style="list-style-type: none"> ▶ Considering exit routes from Administration and implementing the most appropriate route.
Legal Issues	<ul style="list-style-type: none"> ▶ Dealing with any ad hoc legal issues.
Members	<ul style="list-style-type: none"> ▶ Liaising with the shareholders (as required).
Other Assets	<ul style="list-style-type: none"> ▶ Realising value from the Company's residual assets. ▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.
Other Matters	<ul style="list-style-type: none"> ▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems), where applicable.
Property	<ul style="list-style-type: none"> ▶ Liaising with landlords to finalise any outstanding leasehold matters including assignation/surrender of leases. ▶ Paying rent/service charges due under LTOs granted to Purchaser
Public Relations	<ul style="list-style-type: none"> ▶ Agreeing and issuing statements to the press as required in pursuit of Administration strategy.
Retention of Title	<ul style="list-style-type: none"> ▶ Assessment and settlement of claims for retention of title from the Company's suppliers (if applicable).
Statutory Duties	<ul style="list-style-type: none"> ▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, letter to creditors pursuant to Statement of Insolvency Practice 16, and sending to creditors and filing at Companies House. ▶ Arranging for extensions of Administration via decision of creditors / application to court, where applicable.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration. ▶ Preparing claims for VAT bad debt relief.