

TO ALL KNOWN CREDITORS

12 May 2020

Ref: CPD/SEC/LJ/D16.1

Direct line: 0141 226 9332
Laura Jones
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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 2019 to 15 April 2020 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 and 8 November 2019. 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 have been further delays since we last reported, we are expecting the lease for the remaining site at Buckingham to be assigned 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. I am pleased to report that realisations of £2.72m have been made to date, an increase of £30k since our last report. The collection exercise is now largely complete and a VAT bad debt relief claim in respect of the uncollectable book debts will be submitted to HM Revenue & Customs ('HMRC') shortly.

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 2021. The necessary statutory form has been filed with the Registrar of Companies.

Receipts and payments account

A summary of our receipts and payments for the period from 16 October 2019 to 15 April 2020 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 in the sum of £500,148 plus VAT, was fixed on a time-cost basis by a resolution of the creditors on 10 May 2018. As creditors will recall, at the time of our previous report, we were anticipating that we would exceed the fee estimate by c£250k and accordingly, approval of a revised fee estimate was sought from the creditors. I am pleased to advise that the requisite creditors' consent was received and the Joint Administrators' remuneration has been fixed at £749,766 plus VAT.

During the period covered by this report, we have incurred time costs of £63,977 bringing total time costs to £597,603. Of this sum, £533,626 has been invoiced and paid to date. An analysis of the time spent and a comparison with the revised fee estimate dated 15 November 2019 is attached as Appendix 4 to this report.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £5,024 plus VAT. There is a breakdown of expenses incurred in this period at Appendix 3 of this report.

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

We anticipate that there will be sufficient funds available to enable a distribution to be made to non-preferential creditors. The timing and quantum of the dividend is dependent on finalisation of the debt collection exercise and adjudication of claims being completed, however, on the basis of asset realisations and claims submitted to date, a dividend of at least 30p in the £ should still be achievable.

Creditor claims continue to be received and have increased to £5.3m since our last report. Included in this figure is a claim from HMRC of £3.43m in respect of the Company's joint and several liability for VAT due by the T.O.M. group of companies. The claim is however expected to be significantly reduced by VAT bad debt relief claims still to be finalised in a number of the group companies.

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.

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:

- seeking to realise value from all remaining assets including collecting outstanding book debts;
- managing property payments under the licence to occupy agreement with Dawsongroup and dealing with the remaining lease assignment;
- dealing with unsecured creditor enquiries;
- submitting remaining VAT bad debt relief claims for T.O.M. group companies and liaison with HMRC regarding agreement of the group VAT claim;
- adjudicating on non-preferential claims and 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 in six months' time. 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 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 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

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments
from 16 October 2019 to 15 April 2020

Estimated to Realise per Directors' Statement of Affairs		Cumulative to 15 October 2019	Transactions since 16 October 2019	Cumulative to 15 April 2020
	£	£	£	£
Floating Charge Receipts				
3,076,203	Book debts	2,690,807	29,622	2,720,429
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
	RFL refunds	281	(281)	0
	Bank interest	7,312	10,380	17,692
	Prepaid licence to occupy income	(606)	(12,955)	(13,560)
31,294,137		3,040,772	26,766	3,067,539
Floating Charge Payments				
	Pre-Administration costs	206,206	0	206,206
	Wage arrears	94,468	0	94,468
	Debt collection - commission	130,435	4,442	134,877
	Legal fees	6,105	0	6,105
	Legal disbursements	20	0	20
	Public notices	370	0	370
	Corporation Tax	0	488	488
	Joint Administrators' fees	422,952	110,674	533,626
	Joint Administrators' disbursements	2,522	91	2,613
	Insurance	112	0	112
	Bank interest and charges	20	3	23
		(863,211)	(115,698)	(978,908)
		2,177,562	(88,931)	2,088,630
Represented by:				
	RBS current account			336,417
	RBS money market account			1,859,732
	VAT receivable			25,400
	Trade creditors			(132,918)
				2,088,630

Notes

1. Receipts and payments are stated net of VAT
2. Trade creditors represent payments to suppliers which had not cleared the current account by 15 April 2020

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 2019	Paid in period to 15 April 2020	Outstanding	Total
	£	£	£	£	£
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)					
Legal costs	75,000	6,105	-	68,895	75,000
Agents' fees	5,000	130,435	4,442	22,010	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	20	3	227	250
Corporation tax	10,000	-	488	9,512	10,000
Wage arrears	-	94,468	-	-	94,468
Category 1 disbursements (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	633	66	801	1,500
Travel costs (exc. mileage)	400	25	25	350	400
Category 2 disbursements (note 2)					
Mileage	1,500	108	-	1,392	1,500
Totals	100,650	234,032	5,024	109,059	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 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.

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' time costs for the period from 16 October 2019 to 15 April 2020 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 2020		
	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	38.7	13,099	339	195.4	86,972	445
Bank & Statutory Reporting	182.4	78,454	430	26.7	7,880	295	144.1	61,894	429
Creditors	353.4	155,581	440	43.9	13,541	309	272.3	117,404	431
Debtors	174.6	110,165	631	6.8	4,062	597	153.4	99,525	648
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	-	-	-	17.2	12,202	709
Members	0.2	110	550	0.7	427	610	0.9	537	596
Other Assets	47.7	24,383	511	0.5	135	270	35.2	19,098	542
Other Matters	31.3	12,674	405	0.4	244	610	18.7	7,498	400
Property	76.2	39,040	512	5.1	2,485	487	58.3	29,873	512
Retention of Title	2.6	860	331	-	-	-	2.6	860	331
Statutory Duties	192.8	92,754	481	38.7	18,723	484	161.5	80,759	500
VAT & Taxation	122.5	53,208	434	9.4	3,381	360	71.9	34,503	486
Total Anticipated Fees (£)	1,578.8	749,766	475	170.9	63,977	374	1,231.7	597,603	485

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).
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. ▶ 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.
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 extension 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.