

TO ALL KNOWN CREDITORS

12 November 2021

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 April 2021 to 15 October 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, 11 November 2020 and 7 May 2021. 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. As previously reported, three of the four leases have completed, however, there continues to be delays with the lease for the remaining site at Buckingham. We are working closely with the relevant parties and have engaged our legal advisors to seek assurance from the corresponding advisors 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 gross realisations of £2.74m were achieved.

Extension of Administration

As previously advised, the High Court of Justice granted an extension to the Administration of the Company by 12 months until 15 April 2022 and the necessary statutory form was filed with the Registrar of Companies. We do not anticipate that a further extension will be required and are hopeful that we will be in a position to close the Administration prior to its expiry date.

In the unlikely event that this is not possible, we would require to make an application to Court to extend the Administration by a further 12 months. Should any creditors have an objection to such an application, they should provide details in writing to the Administrators by no later than 15 December 2021.

Receipts and payments account

A summary of our receipts and payments for the period from 16 April 2021 to 15 October 2021 is attached at Appendix 2.

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.

As creditors will recall, at the time of our previous progress report, we were anticipating that we would exceed the revised fee estimate by £150,000 and, accordingly, approval of a further revised fee estimate was sought from the creditors. I am pleased to advise that the requisite creditors' consent was received on 28 May 2021 and the Joint Administrators' remuneration has been fixed at £899,766.

During the period covered by this report, we have incurred time costs of £177,945 bringing total time costs to £1,017,631. Of this sum, £899,766 has been invoiced and paid. An analysis of the time spent and a comparison with the revised fee estimate dated 7 May 2021 is attached as Appendix 4 to this report.

Although our time costs have exceeded the revised fee estimate, we will not be seeking to draw any further fees.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred and paid expenses totalling £3,932. There is a breakdown of these expenses at Appendix 3 of this report.

We can confirm that a significant proportion of the original estimate of expenses was ultimately not required, resulting in an increase in the non-preferential creditor distribution.

Although the overall expenses incurred were significantly less than our estimate, we have highlighted below the individual expense category which exceeded our initial estimate, together with an explanation as to the reasons why:

- Postage & printing – increased costs associated with circulating letters to the non-preferential creditors regarding the notices of intended dividend, declaration of dividend and decision procedure process for approval of the revised fee estimates.

Distributions to creditors

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

I am pleased to report that a first and final distribution of 42.4p in the £, equating to a total dividend of £1,748,973 was paid to the non-preferential creditors in this period.

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 did not apply in this case.

Administrators' Discharge from Liability

As creditors will recall, at the time of our previous progress report, the Administrators were seeking a decision from creditors by deemed consent on their discharge from liability, in accordance with the provisions of paragraph 98 of Schedule B1 to the Insolvency Act 1986. I am pleased to advise that the requisite creditors' consent was received on 28 May 2021.

In accordance with the terms of the Proposals, when the Company has no further property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice, the Joint Administrators' appointment in respect of the Company will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986, the Company will be deemed to be dissolved three months after registration of the notice.

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:

- dealing with the remaining lease assignment;
- 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)



F L Taylor
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

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 and C P 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, F L Taylor and C P Dempster, 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

Transflex Vehicle Rental Limited (In Administration)

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

Estimated to Realise per Directors' Statement of Affairs	Cumulative to 15 April 2021	Transactions since 16 April 2021	Cumulative to 15 October 2021
	£	£	£
Floating Charge Receipts			
3,076,203	2,742,409	(836)	2,741,573
132,003	192,945	0	192,945
28,041,075	140,000	0	140,000
5,052	9,992	0	9,992
	3	0	3
	2	0	2
39,804	1	0	1
	1	0	1
	1	0	1
	33	80	113
	22,555	240	22,796
	(136)	0	(136)
31,294,137	3,107,806	(516)	3,107,290
Floating Charge Payments			
	206,206	0	206,206
	94,468	0	94,468
	134,912	96	135,008
	11,390	0	11,390
	1,435	0	1,435
	370	483	853
	3,080	983	4,064
	719,496	180,270	899,766
	2,613	2,100	4,713
	112	0	112
	0	185	185
	0	26	26
	33	59	92
	(1,174,115)	(184,202)	(1,358,317)
Distributions			
Unsecured Creditors	0	1,748,973	1,748,973
	0	1,748,973	1,748,973
	1,933,691	(1,933,691)	0

Note

1. Receipts and payments are stated net of VAT

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 April 2021	Paid in period to 15 October 2021	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	12,804	-	12,804
Agents' fees	5,000	134,912	96	135,008
Statutory costs	2,000	370	509	879
Insurance	2,000	112	-	112
Storage	1,000	-	185	185
Bank charges	250	33	59	92
Corporation tax	10,000	3,080	983	4,063
Wage arrears	-	94,468	-	94,468
Category 1 expenses (see Note 2)				
Accommodation and subsistence	2,000	646	-	646
Specific penalty bond	1,000	1,110	-	1,110
External copying, printing and postage	500	699	95	794
Travel costs (exc. mileage)	400	50	-	50
Category 2 expenses (note 2)				
Postage & printing	-	-	2,005	2,005
Mileage	1,500	108	-	108
Totals	100,650	248,392	3,932	252,324

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 April 2021 to 15 October 2021 and a comparison with the revised fee estimate dated 7 May 2021

Type of work	Per revised fee estimate dated 7 May 2021			Actual in this report period			Total actual to 15 October 2021		
	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £
Accounting & Administration	313.2	129,734	414	125.9	49,788	395	400.5	166,696	416
Bank & Statutory Reporting	144.4	61,961	429	9.6	3,313	345	153.7	65,207	424
Creditors	567.6	273,033	481	149.5	63,207	423	661.2	315,697	477
Debtors	160.3	103,037	643	0.5	258	515	160.8	103,295	642
Employee Matters	10.3	5,888	572	-	-	-	10.3	5,888	572
Immediate Tasks	22.4	14,575	651	-	-	-	22.4	14,575	651
Investigations	67.5	26,017	385	-	-	-	67.5	26,017	385
Legal Issues	32.7	21,622	661	-	-	-	31.7	20,942	661
Members	0.9	537	597	-	-	-	0.9	537	597
Other Assets	45.5	25,331	557	5.8	2,305	397	51.3	27,636	539
Other Matters	19.4	7,718	398	0.2	63	315	18.9	7,561	400
Property	76.7	40,167	524	12.1	7,900	653	84.0	44,989	536
Retention of Title	2.6	860	331	-	-	-	2.6	860	331
Statutory Duties	263.6	120,890	459	112.2	43,666	389	342.2	152,095	444
VAT & Taxation	153.6	68,396	445	20.5	7,446	363	146.1	65,637	449
Total Anticipated Fees (£)	1,880.7	899,766	478	436.3	177,945	408	2,154.1	1,017,631	472

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 assignment/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.