

TO ALL KNOWN CREDITORS

15 May 2019

Ref: CPD/SEC/CL/D16.1
Direct line: 0131 777 2440
Catriona Lynch
scarragher@uk.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 Rules 18.3 and 18.6 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 2018 to 15 April 2019 and should be read in conjunction with our Statement of Proposals ('the Proposals') dated 23 April 2018 and our previous progress report dated 14 November 2018.

As creditors will recall, the Company entered Administration on 16 April 2018 and Fiona Livingstone Taylor and I, Colin Peter Dempster, were appointed to act as Joint Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration. 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 we are anticipating that the lease for the remaining site at Buckingham will be assigned shortly.

Debtors

The key asset not included in the sale was the Company's debtor book of c£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 (JP Associates) were subsequently appointed in December 2018 to continue pursuing the remaining outstanding debtor balances. I am pleased to report that realisations of £2.66m have been made to date, an increase of £67k since our last report. Debtor collection is ongoing and we will provide a further update in our next report.

We will submit a VAT bad debt relief claim to HM Revenue & Customs ('HMRC') in respect of the uncollectable book debts upon conclusion of the debt collection exercise.

Extension of Administration

We are pleased to advise that the requisite creditors' consent was received, allowing the Administrators to extend the period of the Administration by 12 months to 15 April 2020. The statutory forms have been filed with the Registrar of Companies and the Court.

No creditors have expressed an interest in forming a creditors' committee.

Receipts and payments account

A summary of our receipts and payments for the period from 16 October 2018 to 15 April 2019 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.

Our remuneration was fixed on a time-cost basis by a resolution of the creditors on 10 May 2018. During the period covered by this report, we have charged remuneration of £157,308 and this sum will be drawn shortly. An analysis of the time spent, and a comparison with the fee estimate dated 23 April 2018 is attached as Appendix 4 to this report. Our remuneration is not expected to exceed the amount provided for in the fee estimate. We will not draw remuneration in excess of the fee estimate without the prior approval of the creditors.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £9,311 plus VAT. There is a breakdown of expenses incurred in this period at Appendix 3 of this report.

We have detailed below the expenses which have exceeded our initial estimate together with an explanation as to the reasons why:

- agents' fees – commission payments on book debts collected by Dawsongroup and JP Associates, as agents of the Administrators;
- specific penalty bond – bonding costs for each of the Joint Administrators based on the value of the assets; and
- external copying, printing and postage – costs associated with circulating the Proposals and progress reports to creditors.

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 however the timing and quantum of the dividend is dependent on finalisation of the debt collection exercise and adjudication of claims being completed.

Creditor claims continue to be received and currently amount to c£4.6m. This does not take account of a cross guarantee granted by the Company to a large vehicle funder in respect of the liabilities of other companies within the T.O.M. group of companies ('the group') and this could significantly dilute the dividend available.

As previously advised, the Company was also a member of the T.O.M. VAT group and was therefore jointly and severally liable for the amount owed by the group to HMRC at the date of appointment (c£4.2m). This amount is reflected in the aforementioned claims figure of c£4.6m however has yet to be fully quantified. We currently anticipate that the claim will be reduced by VAT bad debt relief claims still to be submitted to HMRC in respect of uncollectable debts in each 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 and non-trade balances;
- 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 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 at the conclusion of the Administration or in six months' time, whichever is the sooner.

In the meantime, if you have any queries regarding the content of this report, please contact my colleague, Catriona Lynch on 0131 777 2440.

Yours faithfully
For and on behalf of
Transflex Vehicle Rental Limited



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 number(s):	8908 and 8787
Administrators' address(es):	Ernst & Young LLP 144 Morrison Street, Atria One, Edinburgh, EH3 8EX
Telephone number:	0131 777 2440
Name of alternative person to contact with enquiries about the case:	Catrina Lynch

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 16 October 2018 to 15 April 2019

Estimated to Realise per Directors' Statement of Affairs	Cumulative to 15 October 2018 £	Transactions since 16 October 2018 £	Cumulative to 15 April 2019 £
Floating Charge Receipts			
3,076,203	2,595,329	66,684	2,662,013
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
	0	33	33
	1,478	2,568	4,046
	38,862	(52,103)	(13,241)
31,294,137	2,978,614	17,182	2,995,796
Floating Charge Payments			
	206,206	0	206,206
	94,468	0	94,468
	116,887	5,957	122,844
	5,016	821	5,837
	20	0	20
	370	0	370
	0	265,644	265,644
	0	2,431	2,431
	0	112	112
	7	10	17
	(422,973)	(274,975)	(697,948)
	2,555,642	(257,793)	2,297,848
Represented by:			
			811,494
			1,500,000
			3,036
			(16,682)
			2,297,848

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 2019

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 2018	Paid in period to 15 April 2019	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	5,036	801	69,163	75,000
Agents' fees	5,000	116,887	5,957	34,043	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	7	10	233	250
Corporation tax	10,000	-	-	10,000	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	-	567	933	1,500
Travel costs (exc. mileage)	400	-	-	400	400
Category 2 disbursements (note 2)					
Mileage	1,500	-	108	1,392	1,500
Totals	100,650	216,768	9,311	122,036	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.

Appendix 4

Transflex Vehicle Rental Limited (In Administration)

Joint Administrators' time costs for the period from 16 October 2018 to 15 April 2019 and a comparison with the fee estimate dated 23 April 2018

Type of work	Per fee estimate dated 23 April 2018			Actual in this report period			Total actual to 16 April 2019		
	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £	Total hours	Time cost £	Average hourly rate £
Accounting & Administration	105	37,669	359	42.3	18,816	445	98.1	44,035	449
Bank & Statutory Reporting	175	65,997	377	26.1	9,251	354	103.7	48,714	470
Creditors	218	65,384	300	77.7	45,641	587	182.1	81,039	445
Debtors	139	44,392	319	57.8	39,008	675	124.0	81,822	660
Employee Matters	70	28,575	408	1.0	590	590	9.1	5,180	569
Immediate Tasks	60	28,053	468	-	-	-	22.4	14,575	651
Investigations	55	19,536	355	-	-	-	67.3	25,901	385
Job Acceptance & Strategy	20	12,053	603	-	-	-	-	-	-
Legal Issues	22	10,121	460	2.7	1,677	621	16.2	11,622	717
Members	-	-	-	-	-	-	0.2	110	550
Other Assets	103	37,684	366	2.1	1,014	483	34.3	18,747	547
Other Matters	140	49,514	354	2.0	778	389	16.1	5,989	372
Property	20	7,400	370	10.1	5,664	561	45.6	22,469	493
Public Relations	7	4,271	610	-	-	-	-	-	-
Retention of Title	60	21,661	361	-	-	-	2.6	860	331
Statutory Duties	80	27,944	349	50.5	22,248	441	90.9	42,648	469
VAT & Taxation	114	39,892	350	23.1	12,622	546	40.6	19,242	474
Total Anticipated Fees (£)	1,388	500,148	360	295.4	157,308	533	853.2	422,952	496

Category of work

Accounting & Administration

Bank & Statutory Reporting

Creditors

Debtors

Employee Matters

Immediate Tasks

Investigations

Job Acceptance & Strategy

Description of work completed

- ▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting.
- ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
- ▶ Receipt and recording of creditor claims.
- ▶ Correspondence with creditors.
- ▶ Processing distributions to creditors (as applicable).
- ▶ Working with the Purchaser to realise value from book debts and prepayments.
- ▶ Discussing and agreeing book debt collection with debtors.
- ▶ Writing to employees regarding TUPE related matters.
- ▶ Dealing with any employee enquiries.
- ▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals.
- ▶ 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.
- ▶ Matters relating to the appointments 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

Members

Other Assets

- ▶ Dealing with any ad hoc legal issues.
- ▶ Liaising with the shareholders (as required).
- ▶ 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

- ▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems), where applicable.

Property

- ▶ Liaise with landlord to finalise any outstanding leasehold matters.

Public Relations

- ▶ Agreeing and issuing statements to the press as required in pursuit of administration strategy.

Retention of Title

- ▶ Assessment and settlement of claims for retention of title from the Company's suppliers (if applicable).

Statutory Duties

- ▶ 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.

VAT & Taxation

- ▶ 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.