

TO ALL KNOWN CREDITORS

11 November 2020

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 April 2020 to 15 October 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, 8 November 2019 and 11 May 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 continue to be delays with the lease for the remaining site at Buckingham, Dawsongroup have advised that they expect this 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 c£2.75m have been made to date, an increase of £27k since our last report. The collection exercise is now largely complete with minimal recoveries expected from the remaining debtors. 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

As you may recall from our previous report, the High Court of Justice granted an extension of the Administration by 12 months to 15 April 2021. Whilst we are hopeful that all outstanding matters including the payment of a dividend to non-preferential creditors will have been completed by this date, it is possible that a further extension could be required resulting in a further application to the Court.

Should any creditors have an objection to such an application being made, they should provide details of their objection to the Administrators by writing to Ernst & Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY, by no later than 30 November 2020.

Receipts and payments account

A summary of our receipts and payments for the period from 16 April 2020 to 15 October 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 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 £121,893 bringing total time costs to £719,498. Of this sum, £597,603 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.

On the assumption that all outstanding matters are completed by 15 April 2021, we are not proposing an increase in our fee estimate. If, however, there is a requirement to extend the Administration beyond this date, we will reassess our fee estimate at that point.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £6,024 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

It is clear 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 outstanding matters noted above and adjudication of claims being completed. On the basis of asset realisations achieved and claims of c£5.3m (from 152 creditors) submitted to date, a dividend of at least 30p in the £ should be achievable and we are hopeful that this can be paid to non-preferential creditors in the first quarter of 2021.

Included in the aforementioned figure of £5.3m 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, thereby potentially improving the dividend available by up to 5p in the £.

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

Whilst the Proposals provided for the Company to move to Creditors' Voluntary Liquidation ('CVL') at the end of the Administration, we are proposing to seek the Court's 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. This would avoid the increased costs of moving from Administration to CVL before a distribution could be made and also allow a distribution to be made more quickly.

Should any creditors have an objection to such an application being made, they should provide details of their objection to the Administrators by writing to Ernst & Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY, by no later than 30 November 2020.

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 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 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

Appendix 2

Transflex Vehicle Rental Limited (In Administration)

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

Estimated to Realise per Directors' Statement of Affairs	Cumulative to 15 April 2020	Transactions since 16 April 2020	Cumulative to 15 October 2020
	£	£	£
Floating Charge Receipts			
3,076,203 Book debts	2,720,429	26,686	2,747,115
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	3
	Other assets	2	2
39,804 Stock	1	0	1
	Intellectual property	1	1
	Goodwill	1	1
	Sundry income	33	33
	Bank interest	17,692	4,470
	Prepaid licence to occupy income	(13,560)	13,424
31,294,137	3,067,539	44,580	3,112,119
Floating Charge Payments			
Pre-Administration costs	206,206	0	206,206
Wage arrears	94,468	0	94,468
Debt collection - commission	134,877	0	134,877
Legal fees	6,105	3,335	9,441
Legal disbursements	20	95	115
Public notices	370	0	370
Corporation Tax	488	2,592	3,080
Joint Administrators' fees	533,626	63,977	597,603
Joint Administrators' disbursements	2,613	0	2,613
Insurance	112	0	112
Bank interest and charges	23	2	25
	(978,909)	(70,001)	(1,048,910)
	2,088,630	(25,421)	2,063,208
Represented by:			
RBS current account		2,049,758	
VAT receivable		13,451	
		2,063,208	

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 April 2020	Paid in period to 15 October 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	3,430	65,465	75,000
Agents' fees	5,000	134,877	-	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	23	2	225	250
Corporation tax	10,000	488	2,592	6,920	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	699	-	801	1,500
Travel costs (exc. mileage)	400	50	-	350	400
Category 2 disbursements (note 2)					
Mileage	1,500	108	-	1,392	1,500
Totals	100,650	239,056	6,024	103,035	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 April 2020 to 15 October 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 October 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	34.3	12,539	366	229.7	99,511	433
Bank & Statutory Reporting	182.4	78,454	430	-	-	-	144.1	61,894	430
Creditors	353.4	155,581	440	116.6	77,331	663	388.9	194,735	501
Debtors	174.6	110,165	631	4.2	2,581	615	157.6	102,106	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	5.1	3,162	620	22.3	15,364	689
Members	0.2	110	550	-	-	-	0.9	537	597
Other Assets	47.7	24,383	511	5.8	3,741	650	41.0	22,839	557
Other Matters	31.3	12,674	405	-	-	-	18.7	7,498	401
Property	76.2	39,040	512	4.5	2,152	478	62.8	32,025	510
Retention of Title	2.6	860	331	-	-	-	2.6	860	331
Statutory Duties	192.8	92,754	481	32.0	10,560	330	193.5	91,319	472
VAT & Taxation	122.5	53,208	434	25.7	9,827	382	97.6	44,330	454
Total Anticipated Fees (£)	1,578.8	749,766	475	228.2	121,893	534	1,459.9	719,498	493

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. ▶ Dealing with any ad hoc legal issues.
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.