

The Insolvency Act 1986

**Notice of move from
administration to dissolution****2.35B**

Name of Company

Interoute Transport Services Limited

Company number

00817849

In the

High Courts of Justice - Chancery Division -
Companies Court

(full name of court)

Court case number

3651 of 2013

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a) Kelly Mitchell
Quantuma LLP T/A Quantuma Restructuring
30 Oxford Street
Southampton
SO14 3DJCarl Jackson
Quantuma LLP T/A Quantuma Restructuring
30 Oxford Street
Southampton
SO14 3DJ(b) Insert name and
address of the
registered office of
companyhaving been appointed administrator(s) of (b) Interoute Transport Services Limited
30 Oxford Street Southampton Hampshire(c) Insert date of
appointment

on (c) 17 May 2013

(d) insert name of
applicant/
appointer

by (d) High Courts of Justice - Chancery Division - Companies Court

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986
apply.

I/We attach a copy of the final progress report.

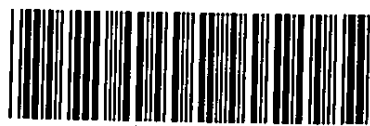
Signed

Joint / Administrator(s)

Dated

Contact Details:You do not have to give any contact
information in the box opposite but if
you do, it will help Companies House to
contact you if there is a query on the
formThe contact information that you give
will be visible to searchers of the
public recordKelly Mitchell
Quantuma LLP T/A Quantuma Restructuring
30 Oxford Street
Southampton
SO14 3DJ

DX Number

02380336464
DX Exchange

A365ZL0Y

A17

19/04/2014

#367

COMPANIES HOUSE

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When you have completed and signed this form, please send it to the
Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

SATURDAY

Kelly Joanne Mitchell and Carl Stuart Jackson of Quantuma Restructuring are the Joint Administrators of the Company and this is their final progress report on the Administration of the Company for the period 17 November 2013 to 17 April 2014 with a summary of the Administration as a whole. This report should be read in conjunction with previous progress reports and the approved Joint Administrators' Proposals.

1. Statutory Information

Statutory information relating to the Company is attached at Appendix I

2. Joint Administrators' receipts and payment account

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period 17 November 2013 to 17 April 2014 and cumulatively for the whole of the Administration is attached at Appendix II

3. Action taken by the Joint Administrators

Following my appointment as Joint Administrator of the Company on 17 May 2013, I ascertained that the transport side of the business was loss making. As a result, I ceased operating this side of the business and made all drivers redundant with immediate effect. A transport manager was retained in order to reorganise deliveries for key customers. In addition, some of the warehousing staff were made redundant as the cessation of the transport business resulted in reduced warehouse movements.

The Company had a cash balance that was utilised to fund initial trading and a cash flow forecast was prepared showing that trading could continue with the support of the Company's customers. Meetings were held with the two largest customers, Toshiba and Atlantic/Oasis, to advise of our appointment, discuss our strategy and to seek their commitment to working with us in the short term. This agreement was obtained and Heads of Terms were agreed to formalise the trading terms. Part of this agreement was weekly invoicing with 7 day payment terms which was essential to keep the business trading.

The business and assets were valued by an independent agent, SIA Group (UK) Limited ("SIA"), and I worked with the directors to identify potential purchasers and undertake a marketing exercise. Non-disclosure agreements and sales packs were issued to a number of interested parties and a series of meetings were undertaken with myself, the landlord and the largest customers Toshiba and Atlantic/Oasis. This culminated in four offers being received for the business and assets.

One of these offers was received from Gregory Distribution Limited ("GDL"). GDL's was the best in terms of value for the assets and offered the most attractive terms for the landlord. Toshiba were satisfied with the terms offered and Atlantic/Oasis were keen to work with GDL. The offer received was as follows:

| Asset | Value achieved (£) |
|--|---------------------------|
| Plant, machinery, fixtures, fittings & equipment | 59,500 |
| Insurance claim | 5,500 |
| Goodwill | 10,000 |
| Total | 75,000 |

I can confirm that the sale consideration was received in full from the purchaser in July.

The insurance claim concerned a claim made by the Company prior to the appointment of Joint Administrators with

regards to a leak in the warehouse roof This was sold to GDL on the basis that they would receive the insurance pay-out in order to fund repairs to the roof

ASSETS

Business sale

The business and assets were sold to GDL for a combined value of £75,000 as detailed above

The Joint Administrators have received payment in full.

Motor Vehicles

The Company had an interest in two unencumbered motor vehicles, a Mercedes and an Audi, which were sold for £10,000 and £8,500 respectively

The Audi was sold by the Joint Administrators following a dispute over ownership with the purchaser. The purchaser believed the vehicle to belong to them in accordance with a share sale agreement dated prior to the appointment of Joint Administrators

The Joint Administrators sought to recover the vehicle, however the purchaser instructed solicitors to contest this and correspondence between the Joint Administrators and the purchaser's solicitors ensued

Having already incurred a significant amount of legal costs in this regard it was considered that the most appropriate course of action was to sell the vehicle to the current keeper in order to avoid further legal costs and receive funds into the Administration for the benefit of creditors The third party made a contribution of £265 to the costs of insuring this vehicle

Inter-Company debt

As advised in the Joint Administrators' proposals report, the Company is owed in excess of £4m from Interoute Logistics Limited and Interoute Holdings Limited These companies have no assets and therefore these debts are considered uncollectable

Miscellaneous refund

Miscellaneous refunds have been received as follows:

| Received from | Amount | For |
|-------------------------------|------------------|-------------------------|
| Neopost | 850.00 | Franking machine credit |
| Severn River Crossing Limited | 742.60 | Refund of toll charges |
| Department of Transport | 2,075.78 | Road tax refunds |
| GE Capital Equipment | 1,690.88 | Refund of charges |
| Total | £5,359.26 | |

Book debts

As at the date of my appointment, the total value of the debtor ledger was £882,127 and IGF were owed £635,651

The Joint Administrators continued to liaise with IGF Invoice Finance Limited ("IGF") regarding the collection of the Company's factored debtor ledger.

IGF have been repaid in full under the factoring agreement following the appointment of the Joint Administrators. The debtors were re-assigned to the Company and the sum of £115,356 has been received into the Administration. No further recoveries are expected in this regard

Cash at Bank

Following enquiries with the Company's Bankers, the Joint Administrators received the balance on the Company's account totalling £12,685.

Rates Refund

A refund of £9,815 was received in June 2013 in respect of a credit on the Company's utilities account.

Trading surplus

During the Joint Administrators' trading period a trading surplus of £9,360 was achieved however ongoing trading was necessary in order to achieve a sale of the business.

4. Joint Administrators' Proposals

As previously advised at the meeting of creditors held on 26 July 2013 the Joint Administrators' proposals for achieving the purpose of the Administration were approved by creditors without modification. A further copy is attached at Appendix IV.

There were no major amendments to, or deviations from, these proposals

5. Liabilities and dividends

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company granted charges to the following parties.-

- IGF Invoice Finance ("IGF") – charge over the book debts of the Company

IGF have been repaid in full through the collection of debtors which they held as security

Preferential Creditors

Preferential creditor claims were estimated at £32,406 at the outset of the Administration. The Joint Administrators have now agreed preferential claims at £35,670.38 and in March 2014 a dividend in the sum of 50 pence in the pound was declared and paid to preferential creditors

Crown Creditors

To date provisional claims have been received from HM Revenue & Customs ("HMRC") totalling £330,294 in respect of PAYE/NIC, VAT and Corporation Tax.

Non-preferential unsecured Creditors

The estimated statement of affairs included unsecured creditors with an estimated total liability of £472,840. To date claims have been received from creditors totalling £164,816

Milk Pension Fund

Since the date of the Joint Administrator's proposals, we have been contacted in respect of a pension scheme.

I have been advised that the Company is indebted to the scheme in the sum of £7,831,275 This is significantly more than had been anticipated

There will be no further payments to any class of creditor.

6. Joint Administrators' Remuneration, Disbursements and Expenses

The basis of the Joint Administrators' remuneration was approved at a meeting of creditors held on 26 July 2013 Creditors confirmed that these fees could be drawn on a time cost basis.

To 17 April 2014, time costs have been incurred as follows

| | Incurred (£) | Paid (£) |
|--|-------------------|-------------------|
| Post-appointment – to 16 November 2013 | 219,406.75 | 122,737 50 |
| Post appointment – 17 November 2013 to 17 April 2014 | 20,867.50 | 42,695 63 |
| Total | 240,274.25 | 165,433.13 |

The Joint Administrators' post appointment time costs to 17 April 2014 totals £240,274.25 which represents 1,231 50 hours work at an average charge out rate of £195.11.

To 17 April 2014, the Joint Administrators have drawn post appointment time costs of £165,433 13 in this matter.

A schedule of the Joint Administrators' time costs incurred is attached as Appendix 2.

A description of the routine work undertaken in the Administration to date is as follows

1 Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Preparing documentation required.
- Dealing with all routine correspondence.
- Maintaining physical case files and electronic case details on IPS case management software
- Review and storage
- Case bordereau.

- Case planning and administration.
- Preparing reports to members and creditors.
- Convening and holding meetings of members and creditors

2 Cashiering

- Maintaining and managing the Administrator's cashbook and bank account.
- Ensuring statutory lodgements and tax lodgement obligations are met.

3 Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Maintaining creditor information on IPS case management software.
- Reviewing, and adjudicating on if necessary, proofs of debt received from creditors.

4 Investigations

- Prepare a return pursuant to the Company Directors Disqualification Act.
- Conduct investigations into suspicious transactions
- Review books and records to identify any transactions or actions an Administrator may take against a third party in order to recover funds for the benefit of creditors

5. Realisation of Assets

- Liaising with IGF regarding the factored debtor ledger and reviewing the account once re-assigned
- Dealing with the assignment of the lease for the trading premises and exploring other opportunities to realise funds for the administration such as rates refunds.
- Trading of the business by the Joint Administrators and their staff

6 Trading

- Setting up trading controls,
- Arranging payments to suppliers for on-going supplies,
- Monitoring trading from site,
- Dealing with staffing issues,
- Arranging the termination and collection of hire purchase/leased assets,
- Monitoring and reviewing post appointment invoicing,
- Dealing with licensing and ratings authorities,
- Monitoring stock,
- Reviewing staffing requirements,
- Monitoring and reviewing on-going events for profitability.

A copy of 'A Creditors Guide to Administrators' Fees' published by the Association of Business Recovery Professionals is available at the link <http://www.quantuma.com/creditors-information.html> A copy of Quantuma LLP's fee drawing policy is attached to this report. A hard copy of the guide can be obtained on request from the address below

JOINT ADMINISTRATORS' EXPENSES

My expenses to 16 November 2013 have been incurred and paid as follows

| | Incurred (£) | Paid (£) |
|-------------|--------------|----------|
| Postage | 576 06 | 576.06 |
| Subsistence | 31.09 | 31.09 |
| Room Hire | 120 00 | 120.00 |
| Other | 154 80 | 154 80 |
| Mileage | 3,218 57 | 3,218.57 |
| Total | 4,100.52 | 4,100.52 |

The following agents or professional advisors have been utilised in this matter:

| Professional Advisor | Nature of Work | Fee Arrangement |
|------------------------|----------------|--|
| SIA Group (UK) Limited | Valuer/Agent | 10% of realisations plus a fixed valuation fee |
| Francis Wilkes & Jones | Solicitors | Time costs |

I can advise that to the date of this report payments have been made as follows

| | Incurred (£) | Paid (£) |
|------------------------|--------------|-----------|
| SIA Group (UK) Limited | 4,926 00 | 4,926.00 |
| Francis Wilkes & Jones | 41,583.50 | 25,028 00 |
| Total | 46,509.50 | 29,954.00 |

SIA Group (UK) Limited provided a valuation of the Company's business and assets and assisted in marketing them for sale. The valuation produced by SIA Group (UK) Limited was undertaken as per the terms of both the Royal Institute of Chartered Surveyors (RICS) and National Association of Valuers & Auctioneers (NAVA).

Francis Wilkes and Jones has provided legal advice with regard to the appointment of administrators, the sale and purchase agreement and ongoing legal advice as and when required.

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.

Pre-administration costs

As previously reported all pre appointment costs of £7,262 50 have been approved by creditors on 26 July 2013 and drawn in full prior to this period

7. End of Administration

The objective of the administration has been achieved, by continuing to trade the business until such time as a sale as a going concern could be completed. This has achieved a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

As outlined previously it is the Joint Administrators intention to exit the Administration by way of dissolution.

The Company will be automatically dissolved three months after the Notice of Moving from Administration to Dissolution has been filed by the Registrar of Companies. The relevant documentation was sent to Companies House on the 17 April 2014

A handwritten signature in black ink, appearing to read 'Mitchell', with a stylized initial 'K'.

Kelly Joanne Mitchell
Joint Administrator

Company Information

Company name Interoute Transport Services Limited

Previous company name Initial Transport Services Limited (From 01/06/1998 to 18/12/2000)

Registered office 30 Oxford Street, Southampton, Hampshire, SO14 3DJ

Former registered office Rycote Lane, Thame, Oxfordshire, OX9 2JB

Registered number: 00817849

Date of incorporation: 01/09/1964

Trading address: Rycote Lane, Thame, Oxfordshire, OX9 2JB

Principal trading activity: Freight transport by road & warehousing

Joint Administrators' names: Kelly Joanne Mitchell (IP No 13870) & Carl Stuart Jackson (IP No 8860)

Joint Administrators' address: Quantuma LLP, 30 Oxford Street, Southampton, Hampshire, SO14 3DJ

Joint Administrators' date of appointment: 17 May 2013

Court name and reference High Courts of Justice, Chancery Division, Companies Court / 3651 of 2013

Appointment made by IGF Invoice Finance Limited (holder of a qualifying floating charge)

Joint Administrators' actions Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

**Interoute Transport Services Limited
(In Administration)
Joint Administrators' Trading Account**

| Statement of Affairs | From 17/11/2013 To 17/04/2014 | From 17/05/2013 To 17/04/2014 |
|-------------------------------------|----------------------------------|----------------------------------|
| POST APPOINTMENT SALES | | |
| Sales - Toshiba | (1,242 20) | 152,942 00 |
| Sales - Atlantic | NIL | 17,119 75 |
| Sales - Other Warehousing Customers | NIL | 68,525 23 |
| Rent Receivable | NIL | 18,961.27 |
| | <u>(1,242.20)</u> | <u>257,548 25</u> |
| PURCHASES | | |
| Pallets | 640.00 | 15,831 44 |
| | <u>(640 00)</u> | <u>(15,831 44)</u> |
| OTHER DIRECT COSTS | | |
| Sub Contractors | NIL | 21,350 00 |
| Net Wages - Pre Appointment | NIL | 31,276.74 |
| Gross Wages - Post Appointment | NIL | 76,012.19 |
| Employer's NIC Costs | NIL | 5,535 71 |
| | <u>NIL</u> | <u>(134,174 64)</u> |
| TRADING EXPENDITURE | | |
| Software | NIL | 849 60 |
| Rents | NIL | 32,235 62 |
| Rates | NIL | 7,585 32 |
| Heat & Light | NIL | 3,382 66 |
| Security Costs | NIL | 34,464 80 |
| Telephone | NIL | 1,242 33 |
| Travel | NIL | 154.40 |
| Bank Charges | 5 00 | 52 13 |
| Lease/HP Payments | 489 68 | 2,713.36 |
| Hire of Equipment | 256 67 | 5,306 65 |
| Repairs & Maintenance | NIL | 4,680 00 |
| Sundry Expenses | NIL | 3,315 83 |
| IT Support | NIL | 1,000 00 |
| Stationery | NIL | 319 39 |
| Cleaning Services | NIL | 504 00 |
| Bonded Warehouse Costs | (282 00) | 376 00 |
| | <u>(469 35)</u> | <u>(98,182.09)</u> |
| TRADING SURPLUS/(DEFICIT) | <u><u>(2,351.55)</u></u> | <u><u>9,360.08</u></u> |

Interoute Transport Services Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

| Statement of Affairs | | From 17/11/2013 To 17/04/2014 | From 17/05/2013 To 17/04/2014 |
|----------------------|---------------------------------|----------------------------------|----------------------------------|
| | HIRE PURCHASE | | |
| 785,651 00 | Book Debts | NIL | NIL |
| (635,651 00) | IGF Invoice Finance | NIL | NIL |
| 391,150 00 | Commercial Vehicles & Trailers | NIL | NIL |
| (391,150 00) | Close Brothers Asset Finance | NIL | NIL |
| 45,957 00 | Plant & Machinery | NIL | NIL |
| (16,553 00) | Barclays & Shire Leasing | NIL | NIL |
| 45,774 00 | Fixtures, fittings & equipment | NIL | NIL |
| (10,178 00) | Xerox Finance | NIL | NIL |
| | | NIL | NIL |
| | ASSET REALISATIONS | | |
| | Plant & Machinery | NIL | 59,500 00 |
| 10,000.00 | Motor Vehicles | NIL | 18,500 00 |
| 1.00 | Stock | NIL | NIL |
| | Book Debts | NIL | 115,356.05 |
| 1.00 | Inter-Company Debt | NIL | NIL |
| | Miscellaneous refund | 1,690 88 | 5,359.26 |
| 10,000.00 | Goodwill | NIL | 10,000 00 |
| | Contribution to insurance costs | 265 00 | 265 00 |
| | VAT Refund | NIL | 1,855.00 |
| | Insurance claim | NIL | 5,500 00 |
| 12,685 00 | Cash at Bank | NIL | 12,685 09 |
| 9,814 00 | Rates Refund | NIL | 9,814 91 |
| | IT equipment | NIL | 150 00 |
| | Bank Interest Gross | 36.38 | 57 80 |
| | Trading Surplus/(Deficit) | (2,351.55) | 9,360 08 |
| | Miscellaneous Refund | 55 08 | 55 08 |
| | | (304 21) | 248,458.27 |
| | COST OF REALISATIONS | | |
| | Specific Bond | NIL | 672 00 |
| | Pre administration fees | NIL | 7,262 50 |
| | Office Holders Fees | 42,695 63 | 165,433 13 |
| | Office Holders Expenses | 117.67 | 4,100 52 |
| | Agents/Valuers Fees | NIL | 4,926 00 |
| | Debt collection fee | NIL | 12,000 00 |
| | Legal fees | 5,000 00 | 25,028 00 |
| | Accountants fees | 5,000 00 | 5,000 00 |
| | Pension advice | NIL | 220 00 |
| | Statutory Advertising | NIL | 150.00 |
| | Insurance of Assets | NIL | 5,772 06 |
| | Bank Charges | NIL | 58 87 |
| | | (52,813 30) | (230,623.08) |
| | PREFERENTIAL CREDITORS | | |
| (32,406 00) | Employee Arrears/Hol Pay | 17,835 19 | 17,835 19 |
| | | (17,835 19) | (17,835.19) |
| | UNSECURED CREDITORS | | |
| (472,840 00) | Trade & Expense Creditors | NIL | NIL |
| (177,817.00) | Employees | NIL | NIL |
| (268,425 00) | HMRC - VAT | NIL | NIL |

**Interoute Transport Services Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments**

| Statement of Affairs | | From 17/11/2013 To 17/04/2014 | From 17/05/2013 To 17/04/2014 |
|----------------------|----------------------|----------------------------------|----------------------------------|
| (117,948 00) | HMRC - PAYE | NIL | NIL |
| (2,128 00) | HMRC - CT - Current | NIL | NIL |
| (30,048 00) | HMRC - CT - Deferred | NIL | NIL |
| | | <u>NIL</u> | <u>NIL</u> |
| <u>(844,111.00)</u> | | <u>(70,952.70)</u> | <u>(0.00)</u> |
| REPRESENTED BY | | | <u>NIL</u> |

Appendix III – Information relating to the Joint Administrators' Fees and Expenses

Time Entry - SIP9 Time & Cost Summary + Cumulative

INT0031 - Interoute Transport Services Limited
 Project Code POST
 From 17/05/2013 To 17/04/2014

| Classification of Work Function | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost (£) | Average Hourly Rate (£) | Total Hours Cum (POST Only) | Total Time Costs Cum (POST Only) |
|------------------------------------|---------------|---------------|----------------------------|----------------------------|-----------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| Admin & Planning | 3.30 | 24.70 | 75.43 | 151.00 | 254.43 | 36,787.00 | 144.51 | 254.43 | 36,787.00 |
| Case Specific Matters | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Creditors | 22.00 | 59.00 | 79.82 | 84.60 | 245.42 | 41,598.25 | 169.33 | 245.42 | 41,598.25 |
| Investigations | 2.00 | 3.00 | 8.70 | 4.00 | 17.70 | 3,092.50 | 174.72 | 17.70 | 3,092.50 |
| Realisation of Assets | 83.70 | 156.90 | 19.55 | 32.40 | 292.55 | 67,129.50 | 229.46 | 292.55 | 67,129.50 |
| Trading | 153.00 | 130.70 | 9.75 | 127.95 | 421.40 | 91,728.00 | 217.68 | 421.40 | 91,728.00 |
| Total Hours / Costs | 264.00 | 374.30 | 195.25 | 399.95 | 1,231.50 | 240,274.25 | 195.11 | 1,231.50 | 240,274.25 |
| Total Fees Claimed | | | | | | 165,433.13 | | | |
| Total Disbursements Claimed | | | | | | 4,100.62 | | | |

JOINT ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, we formally propose to creditors that

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we -
 - i) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
 - ii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) The Administration will end by placing the Company into Creditors' Voluntary Liquidation, and that Carl Stuart Jackson and I, Kelly Joanne Mitchell, are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidator

Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out at section 13.

- (c) If, contrary to our current thoughts, there are insufficient realisations to enable a dividend to unsecured creditors, the administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.
- (d) If, contrary to our current thoughts, there are insufficient realisations to enable a dividend to unsecured creditors, and there are unresolved matters such as investigation issues, we will petition for the compulsory winding up of the Company to enable such issues to be investigated by a duly appointed Liquidator. We reserve the right to seek the appointment of Carl Stuart Jackson and Kelly Joanne Mitchell as Joint Liquidators
- (e) We are remunerated by reference to time properly spent by the Administrator(s) and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates are outlined in Appendix 4 of these proposals
- (f) We be authorised to draw category 2 expenses as outlined in Appendix 4 of these proposals.