

The Insolvency Act 1986

Administrator's progress report

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

administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 17 November 2013

(b) 17 April 2014

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
formKelly Mitchell
Quantuma LLP T/A Quantuma Restructuring
30 Oxford Street
Southampton
SO14 3DJ

DX Number

02380336464
DX Exchange

A37376Y3

A05 03/05/2014 #70
COMPANIES HOUSE

A3652L0Q

A17 19/04/2014 #366
COMPANIES HOUSEWhen 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

**Interoute Transport Services Limited (“the Company”) – In
Administration**

**Joint Administrators’ Final Progress Report
for the period 17 November 2013 to 17 April 2014**

Issued on: 17 April 2014

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 payout 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

	Incurring (£)	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 that reads "Mitchell". The signature is written in a cursive style with a large, stylized 'M'.

Kelly Joanne Mitchell
Joint Administrator

The Insolvency Act 1986

Administrator's progress report

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

administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 17 November 2013

(b) 17 April 2014

Signed

Joint / Administrator(s)

Dated

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
		<u>NIL</u>	<u>NIL</u>
	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
		<u>(304.21)</u>	<u>248,458.27</u>
	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
		<u>(52,813.30)</u>	<u>(230,623.08)</u>
	PREFERENTIAL CREDITORS		
(32,406.00)	Employee Arrears/Hol Pay	17,835.19	17,835.19
		<u>(17,835.19)</u>	<u>(17,835.19)</u>
	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	36,767.00	144.61	254.43	36,767.00
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	94.60	245.42	41,558.25	169.33	245.42	41,558.25
Investigations	2.00	3.00	8.70	4.00	17.70	3,062.50	174.72	17.70	3,062.50
Realisation of Assets	83.70	158.60	19.65	32.40	292.55	67,129.50	229.46	292.55	67,129.50
Trading	183.00	130.70	9.75	127.85	421.40	91,729.00	217.88	421.40	91,729.00
Total Hours / Costs	264.00	374.30	193.28	395.95	1,231.60	240,274.38	195.11	1,231.60	240,274.38
Total Fees Claimed						188,433.13			
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