

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company VHL Admin Limited	Company number 03441042
In the High Court [full name of court]	Court case number 1713 of 2006

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Malcolm Peter Fillmore of Atherton Bailey LLP, Arundel House, 1 Amberley Court, Whitworth Road, Crawley, West Sussex RH11 7XL and David Paul Hudson and Mark Robert Fry of Begbies Traynor, 32 Cornhill, London, EC3V 3LJ

administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(a) 8 September 2006

(b) 5 February 2007

Signed

Joint Administrator - Malcolm P Fillmore

Dated 5 February 2007

Contact Details:

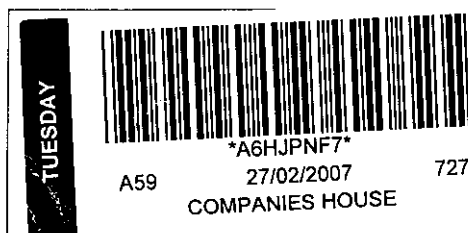
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searches of the public record

Atherton Bailey LLP Arundel House, 1 Amberley Court Whitworth Road, Crawley	
RH11 7XL	Tel 01293 410333
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ
Cardiff

DX 33050



VHL ADMIN LIMITED ("THE COMPANY") (formerly Venture Hire Limited) (IN ADMINISTRATION)

ADMINISTRATORS' SECOND PROGRESS REPORT PURSUANT TO RULE 2.47 AND 2.112 OF THE INSOLVENCY RULES 1986

1. Introduction

- 1.1 Pursuant to Rule 2.47 and 2.112 of the Insolvency Rules 1986, I set out below our second formal report on the progress of this Administration. This follows our first progress report dated 6 October 2006. The business of the company was the hiring out of motor vehicles into the accident repair market and to other end users, particularly of the less "standard" type of vehicles.

2. Details of Relevant Court

- 2.1 These Administration proceedings fall under the jurisdiction of The High Court of Justice, the court reference is number 1713 of 2006.

3. Company details

- 3.1 The company's registered number is 03441042 and its registered office is situated at Arundel House, 1 Amberley Court, Whitworth Road, Crawley, RH11 7XL

4. Administrators' details

- 4.1 The Joint Administrators, Malcolm Peter Fillmore of Atherton Bailey LLP, Arundel House, 1 Amberley Court, Whitworth Road, Crawley, West Sussex RH11 7XL, and David Hudson and Mark Fry of Begbies Traynor, 32 Cornhill, London, EC3V 3LJ were appointed on 8 March 2006. Our appointment was made by the director, Stephen McCullagh. Since our appointment, there have been no changes in the office holders. For the purposes of paragraph 100(2) of schedule B1 to the Insolvency Act 1986, the Administrators have agreed to act jointly and severally in all matters relating to the administration. All functions relating to the administration may be exercised by either administrator.

5. Extension to the initial period of the appointment of the Administrators

- 5.1 This report supports the Administrators' formal request to the Creditors and application to Court for an extension to the period of the Administration to 7 September 2007 pursuant to Paragraph 76(2) Schedule B1 to the Insolvency Act 1986. It was envisaged and agreed by creditors at the meeting to approve the Administrators' Proposals that the Administration would need to last 18 months.

6. Administrators' Receipts and Payments Account

- 6.1 I attach a summary of the administrators' receipts and payments for the period to 5 February 2007. This account only reflects the transactions through the administration bank account and does not include realisations made direct during the management of the administration by secured creditors, either from collection of book debts under the invoice discounting arrangements or from the sale of vehicles owned by finance companies.

7. Administrators' Progress Report

- 7.1 The purpose of the Administration was to facilitate an orderly realisation of the assets following the sale of the business to Broker Assistance Limited. This policy continues to be pursued successfully and in accordance with the original plans.
- 7.2 The debtor book, as previously reported, was charged to GE Capital, who were fully repaid fairly quickly and the balance of the book continues to be collected out. Inevitably, the "easy" debts were realised rapidly and there remains a number of disputes and queries still being resolved. This particularly applies where debtor balances due are as a result of accident damage claims etc. These debts are continuing to be pursued with the assistance of former management.
- 7.3 The work-out of the vehicle fleet continues and regular payments are being made to the three principal vehicle funders both in respect of rental payments, as received from the successor company for the continued use of the vehicles and, as and when vehicles are returned off hire, they receive the negotiated sale proceeds. The management of this operation is being undertaken in conjunction with former management, who have the specialist skills and expertise to maximise recoveries.
- 7.4 As far as the Administration is concerned, this operation continues to plan and there is every expectation of a substantial surplus being generated for unsecured creditors from the programme. It has to be reported that there have been considerable difficulties experienced with some of the funders, whose typical reaction was to demand repossession of all vehicles notwithstanding that the vehicles were an essential part of the business sold and that their debt and ongoing interest was fully secured by the arrangements made.

7.5 During the period under review, we have had to have extensive further discussions, both with funders and their legal advisers over the day to day arrangements and this has resulted in an unanticipated increase in administration costs. We have been forced, on occasion, to intercede against unilateral action being taken or threatened which would be contrary to the protection afforded to the Company by Administration and which would destroy the fundamental purposes of the Administration.

7.6 A number of vehicles have been held by third parties since administration and efforts are being made to recover them. Several vehicles are held under a so-called lien by a repairer who refused to deliver the vehicles up even though the repair costs were immediately offered. He claims other debts which are not enforceable under a repairer's lien and has also sought to charge vast so-called "storage" charges. This matter is presently before the High Court. Another vehicle is held by the police because it is crucial evidence in a murder investigation but where the defendant is not in the jurisdiction and extradition proceedings are in hand. The police are unable to forecast if and when the vehicle can ever be released and it is unclear whether any form of compensation is available.

8. The Exit Route

8.1 It was proposed at the commencement of our appointment that the likely exit route from Administration would be either a Creditors Voluntary Liquidation or dissolution after the distribution of funds to the secured and unsecured creditors. We see no particular merit or need to seek to put the Company into voluntary liquidation and, subject to any representations, we remain minded to use the dissolution route following the distribution of the funds held.

8.2 At this stage, however, it is not necessary for the exit route to be determined, given the timescale of the realisation programme.

9. Assets remaining to be realised

9.1 As envisaged, a substantial part of the vehicle fleet remains on hire to the purchaser of the business and will be realised during 2007 as they return off-hire.

9.2 In addition to the matters referred to above, there are several vehicles presently awaiting sale and there are various debtor balances to be recovered, as well as insurance claims in respect of damage to vehicles whilst hired out.

10. Administrators' Costs and Remuneration

10.1 Atherton Bailey's total time costs incurred to 11 January 2007, including pre appointment time, amount to £46,550.73 plus VAT and are detailed in the attached summary in the format required by the Association of Business Recovery Professionals. A resolution has been passed by creditors confirming that the Joint Administrators' remuneration is to be fixed on a time cost basis.

10.2 Whilst partners from Begbies Traynor remain appointed as joint administrators, their initial role was to oversee the relationship with and recoveries by GE Finance. This exercise has now been successfully completed. It has been agreed that whilst they will remain in office because of client relationships with certain creditors and funders, their fees will be capped at £30,000 plus VAT, which sum has been paid.

If there are any matters that you wish to discuss with me, please do not hesitate to contact me.

Malcolm Fillmore
Joint Administrator of VHL Admin Limited

Dated 5 February 2007



APPENDIX I

VHL ADMIN LIMITED - FORMERLY VENTURE HIRE LIMITED
(ADMINISTRATION)

ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 3 MARCH 2006 TO 5 FEBRUARY 2007

	£
RECEIPTS	
Commercial Property	1.00
Goodwill	1.00
IPR	1.00
Plant Machinery and Equipment	19,996.00
Work in Progress	1.00
Cash at Bank	178.58
Trade debtors	135,569.89
Bank Interest Received (Gross)	1,462.58
Vehicle Rentals	355,048.66
Sundry Receipts awaiting allocation	6,315.16
VAT Output Tax	62,133.51
	<u>580,708.38</u>

PAYMENTS	
Joint Administrator Fees	65,000.00
Legal Costs - Sale of Business	5,250.49
Legal Costs - Litigation/Prosecution	3,616.75
Property Agents - Sale Fees/Expenses	20,000.00
Other Professional Costs - Leaf Consulting	5,000.00
Traveling	118.67
Printing/Copying	18.70
Postage/Telephone	13.34
Room Hire	68.09
Company Searches	1.00
Advertising - Statutory	299.07
Bonding	420.00
Bank Charges	200.00
Payment to Finance Creditors	332,629.89
VAT Payment	38,619.57
Payment to Charge holder	4,969.18
VAT Input Tax	14,347.55
	<u>493,572.30</u>

BALANCE AT BANK

£87,136.08

FOR THE PERIOD FROM
9 SEPTEMBER 2006 TO 5 FEBRUARY 2007

Opening Balance	£
	188,857.05
	29,356.97
	1,236.11
	122,469.16
	40,701.41
	<u>193,763.57</u>

	55,000.00
	3,616.75
	20,000.00
	118.67
	1.00
	127.71
	100.00
	148,408.42
	38,619.57
	4,116.33
	<u>270,109.45</u>

112,520.23

Atherton Bailey**TIME & CHARGEOUT SUMMARIES**

VHL Admin Limited

To 11 Jan 2007

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	52.12	0.00	101.67	3.52	157.30	22,829.42	145.13
Investigations	0.00	0.00	1.75	0.00	1.75	192.50	110.00
Realisation of Assets	26.92	0.00	38.83	0.00	65.75	10,624.19	161.58
Trading	0.25	0.00	0.00	0.00	0.25	62.50	250.00
Creditors	21.42	0.00	22.50	0.00	43.92	7,326.42	166.82
Litigation	4.50	0.00	6.00	0.00	10.50	1,785.07	170.00
Rent & Pay	0.00	0.00	20.28	16.93	37.22	3,730.63	100.24
Total Fees Claimed £	25,059.17	0.00	19,776.67	1,714.89		46,550.73	
Total Hours	105.20	0.00	191.03	20.45	316.68		
Average Rate	238.20	0.00	103.52	83.86			