



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 8 6 6 1 7 2 6

Company name in full Vivarail Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Jon L

Surname Roden

3 Administrator's address

Building name/number 17th Floor

Street 103 Colmore Row

Post town Birmingham

County/Region

Postcode B 3 3 A G

Country

4 Administrator's name ①

Full forename(s) Helen

Surname Dale

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 17th Floor

Street 103 Colmore Row

Post town Birmingham

County/Region

Postcode B 3 3 A G

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 1	^m 1	^m 2	^y 2	^y 0	^y 2	^y 2
To date	^d 3	^d 1	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

John

X

Signature date

^d 2	^d 6	^m 0	^m 6	^y 2	^y 0	^y 2	^y 3
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**Presenter information**

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

Contact name **Kirsty L Dolmor**

Company name **Grant Thornton UK LLP**

Address **11th Floor**

Landmark St Peter's Square

Post town **1 Oxford St**

County/Region **Manchester**

Postcode **M 1 4 P B**

Country

DX

Telephone **0161 953 6900**

**Checklist**

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Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

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All information on this form will appear on the public record.

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You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Andrew

Surname

Charters

3 Insolvency practitioner's address

Building name/number

30 Finsbury Square

Street

Post town

London

County/Region

Postcode

E C 2 A 1 A G

Country



Vivarail Limited - in administration

Joint administrators' progress report for the period 1 December 2022 to 31 May 2023

UK Restructuring
Grant Thornton UK LLP
11th Floor
Landmark St Peter's Square
1 Oxford St
Manchester
M1 4PB
T +44 (0)161 953 6906

Prepared by: Jon Roden, joint administrator

Contact details: Should you wish to discuss any matters in this report, please email cmusupport@uk.gt.com, or write to the above address

Guide to this report

Report sections

Definitions

1 **Executive summary**

This should be read in conjunction with the remainder of the report, together with its appendices

2 **Progress**

Includes strategy and progress (trading, realisation of assets)

3 **Investigations into the affairs of the company**

Includes strategy and progress

4 **Creditors and dividends**

Includes creditor balances and information on dividends

5 **Joint administrators' remuneration and expenses**

Includes details of payments to the joint administrators (including details of fees and expenses incurred) and their associates

6 **Future strategy**

Includes summary details of further work to be done, exit route, details on any proposed creditor decisions, general information for readers (eg data protection) and timing of the next report

Report appendices

A **Notice about this report**

Includes information about the preparation and purpose of the report, reliance on it and no liability

B **Statutory information**

Includes information required about the company (eg name, address) and about the administration (eg proceedings, administrators, contact details)

C **Abstract of the joint administrators' receipts and payments**

D **Statement of Insolvency Practice 9 disclosure: Payments to the joint administrators and their associates**

Includes remuneration basis, work done, expenses of the joint administrators, sub-contracted out work, relationships requiring disclosure

Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

Act	The Insolvency Act 1986
Bank / NatWest	National Westminster Bank plc
CAPA	Consultiam Property Ltd
Company	Vivarail Limited
ERL	Eversholt Rail Limited
Evolve	Evolve IS Limited
Firm / Grant Thornton	Grant Thornton UK LLP
Freeths	Freeths LLP
GMS	GMS Group of Companies Limited
GWR	First Greater Western Limited
HCR	Harrison Clark Rickerbys Limited
Hilco	Hilco Appraisals Limited t/a Hilco Streambank
HMRC	HM Revenue & Customs
Howdens	Howden Broking Group Limited
Joint Administrators / we / us / our	Jon Roden Helen Dale Andrew Charters
IP	Intellectual property
Lighthouse	Lighthouse Serviced Office, Office 3.8, Spectrum Business Park, Building 2, Lighthouse View, Seaham, SR7 7PR
Lucid	Lucid Computer Solutions Limited
Lombard	Lombard North Central Plc
Long Marston	"Bird's Land" at International Metals and Cable Recycling Limited, Long Marston Road, Stratford Upon Avon, CV37 8AQ
LTO	Licence to occupy
Maven	MEIF WM Debt LP acting by its general partner Maven MEIF (WM) GP (ONE) Limited
PAYE	Pay as you earn
Period	The period from 1 December 2022 to 31 May 2023
Proposals	The Joint administrators' statement of proposals dated 20 January 2023
QFC	Qualifying floating charge holder
RDC	Railroad Development Corporation
Restore	Restore Plc
ROT	Retention of title
RPS	Redundancy Payments Service
Rules	The Insolvency (England and Wales) Rules 2016
Sanderson Weatherall	Sanderson Weatherall LLP
SIP	Statement of Insolvency Practice
SOA	Statement of Affairs
Southam	Westfield Road, Kineton Road Industrial Estate, Southam, CV47 0JH
SPA	Sale and purchase agreement
Strukton	Strukton Rolling Stock B.V.
TfW	Transport for Wales Rail Limited
UK	United Kingdom
Unit 5 Seaham	Unit 5, Admiral Point, Spectrum Business Park, Dawdon, Seaham, County Durham, SR7 7PP
Unit 6 Seaham	Unit 6, Admiral Point, Spectrum Business Park, Dawdon, Seaham, County Durham, SR7 7PP

VAT	Value added tax
WIP	Work in progress
WMT	West Midlands Trains Limited

1 Executive summary

- This progress report covers the Period
- This report should be read in conjunction with our Proposals, which were approved on 6 February 2023 by way of a deemed consent by the creditors
- In addition to our statutory duties, the key work done in the Period included the realisation of the Company's assets and making an interim distribution to the secured creditor. Further details are provided later in this report
- The administration is currently due to end on 30 November 2023. However, we will seek a decision of the secured and preferential creditors to extend the administration for a period of 12 months to facilitate the distribution of a prescribed part dividend to the unsecured creditors, which was not envisaged at the outset
- Further distributions are anticipated to be made to the secured creditor. However, the timing and quantum of such is currently unknown
- It is anticipated that the Company's preferential creditors (ordinary and secondary) will be repaid in full. This distribution is estimated to be paid within the next six months (upon resolution of employment tribunal matters)
- The return to the unsecured creditors is estimated at 3p in the pound, subject to the final level of realisations, costs and admitted claims. It is anticipated that a prescribed part dividend will be paid within the next six months (as above, upon resolution of employment tribunal matters)
- It is intended to exit the administration and move to dissolution once the dividend has been paid and our statutory duties are complete. This is the appropriate exit route as it is unlikely that there will be sufficient funds to make a distribution to unsecured creditors (other than by virtue of the prescribed part).



Jon Roden
Joint Administrator

26 June 2023

2 Progress

2.1 Strategy and progress in the Period

At appointment our initial strategy was to reignite any interest in a sale of all or part of the Company's business, which followed a comprehensive market testing process conducted by Grant Thornton prior to the Company's administration. Whilst this objective was being pursued, the Joint Administrators also explored the possibility of continuing trading during administration. Please refer to our Proposals for further details.

Due to a sale of business and continuation of trading being unachievable, we began winding up the Company's operations and commenced an asset realisation strategy, which is largely complete.

The Joint Administrators must perform their functions with the objective of:

- a rescuing the Company as a going concern; or
- b achieving 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); or
- c realising property in order to make a distribution to one or more secured or preferential creditors.

It was not possible to rescue the Company as a going concern due to the extent of its liabilities and insufficient funding to support ongoing working capital requirements. The Joint Administrators therefore set out to pursue the second statutory objective as set out above, which remains the primary objective.

This objective has been achieved by completing sales of the Company's intangible and tangible assets and achieving realisations of the WIP and debtors. We consider that realisation values are greater in the administration than compared with those likely achieved if the Company were wound up (without first being in administration).

2.2 Trading

Strategy

Prior to our appointment we explored the possibility of continuing to trade the business whilst in administration to facilitate a potential going concern sale and improve asset realisations and debtor recoveries.

As discussed in our Proposals, insurance was potentially only available to continue the Company's maintenance operations with existing customers. Therefore, only part of the workforce was retained to assist with our statutory duties and carry out maintenance operations, whilst we explored customer appetite to continue its maintenance operations. Due to the increased level of costs, lack of warranties and the requirement for indemnities, it was quickly established that customers were unwilling to continue trading with the Company. Accordingly, further redundancies were made resulting in seven employees being retained to assist in realising the Company's assets and fulfilling statutory duties.

Holding costs

Certain fixed overheads were incurred which were considered necessary to improve the outcome for creditors which would be adversely affected if all employees were made redundant and all Company premises were exited immediately following our appointment. Accordingly, costs for payroll, rent and rates, information technology, security and insurance were incurred for the Southam and Long Marston sites until certain asset sales were concluded.

In the Period, we have made payments of £293,979, which for illustrative purposes are shown in our trading receipts and payments account in Appendix C. Total holding costs incurred are estimated to be £315,000, which are shown in the SIP 9 disclosure at Appendix D. We anticipate the settlement of the remaining holding costs will be completed shortly.

2.3 Realisation of assets

We attach as Appendix C, an account of our receipts and payments for the Period and detail below the asset realisations achieved in the Period.

As discussed in our Proposals, we were unable to provide details of the valuations undertaken by our agents, Hilco, as the sales process was not yet complete and may have prejudiced the process and resultant outcome for creditors.

The sales process is now complete, resulting in two sales, which are detailed below.

On 14 February 2023 pursuant to an SPA, certain of the Company's assets were sold to GWR for a total consideration of £1.4 million. The SPA also included creditor mitigation of up to £456,328 and an LTO provision. Further details are provided in sections 2.6 and 4.3.

On 16 February 2023 pursuant to an SPA, certain of the Company's assets were sold to Tfw for £308,000. The SPA also allowed for a net debtor settlement of £15,631, details of which are provided further in this section.

The table below summarises the asset realisations achieved pursuant to the SPAs together with SOA values and the valuations undertaken by Hilco on an in-situ and ex-situ basis:

	SOA value (£)	In-situ valuation (£)	Ex-situ valuation (£)	GWR sale (£)	Tfw sale (£)	Total consideration (£)
Fixed charge:						
Intellectual property	1,500,000	-	333,800	352,500	-	352,500
Floating charge:						
Plant & machinery	365,200	1,317,695	376,548	170,000	225,000	395,000
Stock	687,819	1,584,953	955,666	870,000	83,000	953,000
Vehicles	-	9,500	7,000	7,500	-	7,500
	2,553,019	2,912,148	1,673,014	1,400,000	308,000	1,708,000

As mentioned above, a sale of business was not achievable and therefore ex-situ values are more appropriate for comparison. Accordingly, the realisation values achieved are greater than expected on an ex-situ basis.

The Company's intellectual property was subject to a fixed charge with Maven. Consequently, net proceeds of £272,391 were distributed immediately following its sale. All other assets sold above are subject to Maven's floating charge security. Further detail is provided in section four.

Assets excluded from the SPAs (all subject to floating charge)

Cash at bank

Upon appointment the credit balance on the Company's current account with NatWest was £825,796, which has been received into the administration estate. The SOA value of £875,579 included £36,000 of agreed scrap metal sales, the proceeds of which were received post administration.

Cash in blocked account

At the date of appointment funds of £3,995,200 were held in a blocked account in connection with an SPA between the Company and Lombard for the provision of trains for onward leasing to WMT.

Since our Proposals, Lombard expressed its desire to terminate the agreement and return the title of the trains to the Company, in accordance with the SPA. We subsequently sought advice from Freeths to confirm our available options. Accordingly, due to the provisions of the SPA entered into by the Company prior to our appointment, the best option available was to accept the return of the trains and release the funds held in the blocked account to Lombard.

In April 2023, WMT terminated its lease agreement with Lombard and Lombard consequently terminated its agreement with the Company, resulting in the transfer of title of the trains to the Company and the release of funds held in the blocked account to Lombard.

Lombard confirmed it was obliged to raise a VAT invoice to draw on the funds in the blocked account. However, the funds held were insufficient to discharge the liability in full resulting in a part payment to Lombard of £3,296,000 plus VAT, compared with the full amount due of £3,955,000 plus VAT. Consequently, the Company is anticipated to benefit from an associated VAT refund of £659,000 and Lombard is expected to submit an unsecured claim for the balance owing of £659,000 plus VAT.

For illustrative purposes, our receipts and payments account at appendix C shows the realisation of funds held in the blocked account of £3,955,000 together with the associated settlement cost to Lombard of £3,296,000.

Trains returned by Lombard

As a result of the above, several trains were returned to the Company. We therefore instructed Hilco to undertake a valuation and provide sales advice. Following its inspection, Hilco valued them at £3,000,000 on an in-situ basis and £900,000 on an ex-situ basis. The only potential purchaser for the trains on an in-situ basis was WMT as prior lessee of the trains. However, upon termination of its lease with Lombard, WMT had confirmed that it held no interest in purchasing the assets.

Hilco advised that given the small number of potential purchasers for these assets that a prolonged marketing period would be necessary to potentially achieve the ex-situ value. To enable this, the Company would incur significant costs to remove and store the trains while a buyer was sought, with no guarantee of a sale.

Hilco therefore ran a short period of marketing, to coincide with our rent-free period of storage, and explored the scrap value of the trains. Following the short marketing period, the only viable purchaser able to transact in the required timeframe was GWR, who offered £60,000 which Hilco confirmed was equivalent to scrap value. However, the GWR offer was on an 'as seen' basis and avoided the Company incurring the costs of transportation and storage.

Hilco therefore recommended acceptance of the GWR offer given the holding costs of an extended marketing period could result in a lower net realisable outcome for creditors. The sale of these assets to GWR was therefore concluded on 5 May 2023. No value was attributed to these trains in the SOA.

Trade debtors

The majority of the Company's debtors related to performance of maintenance contracts and the sale of scrap rolling stock. Employees were retained to appraise and collect the remaining trade debts where possible. During the Period we realised £137,982, which includes a debtor settlement of £15,631 from TfW as a commercial term of the SPA.

The amount realised is lower than the SOA estimate of £667,330 for the following reasons:

- No bad debt provision was applied to the SOA trade receivables balance
- Several debtors disputed the amounts claimed due as the Company had not met the required contractual terms to trigger payment
- A settlement was reached with TfW for its debtor balance as it protected the value achieved for the wider sale of assets
- The SOA balance includes £188,000 owed by dormant subsidiary Vivarail International Limited, which is deemed irrecoverable

We do not expect to recover any further amounts from trade debtors.

WIP

In addition to providing maintenance for certain customers, the Company performed other works which were unique to customers and subject to individual customer contracts. At the date of appointment, the Company was part way through the delivery of certain customer contracts.

A review of the Company's WIP was undertaken alongside retained employees and the Company's directors and it was considered that an amount should be payable for works completed in respect of a contract with ERL (relevant contract phase value of £543,176 plus VAT). Accordingly, we entered negotiations with ERL to agree upon an amount payable.

ERL disputed the Company's assessment with regards to the level of works performed and considered that no monies were payable due to certain provisions within its contract with the Company, including outstanding items required in respect of prior contractual phases of work and that no statement of reliance could now be provided following the Company's administration. Freeths was subsequently engaged to advise on the contractual nature and options available where it was confirmed that the Company had limited options to enforce payment.

Following protracted negotiations, on 3 May 2023 we entered into a settlement agreement with ERL for it to pay the Company £80,000, including a provision preventing ERL from submitting an unsecured claim in respect of any counterclaims it may hold. This exceeds the SOA estimate for WIP of £56,693. No further realisations are expected.

Shareholdings in dormant subsidiaries

The Company owns 100% of the share capital of Vivarail Product Support Limited and Vivarail IP, we understand the directors wish to wind-up these companies.

As the subsidiaries are dormant and based upon discussions with their directors, no value has been attributed to them.

LTO income

As a result of the sale of certain assets to GWR, we entered an LTO for the Company's leasehold premises at Southam and Long Marston for an initial period of three months, from 14 February 2023. The LTO in respect of Long Marston automatically ended and the lease was assigned to GWR on 14 May 2023. The LTO for Southam was extended to 13 June 2023 and has since been terminated on the same date.

In the Period, we received rental income of £93,733 from GWR under the terms of the LTO. Rent paid out during the LTO Period was £83,797, which is included on the R&P as 'LTO out'. It is anticipated that LTO costs will equal LTO income once all rent is paid.

Other miscellaneous realisations

Ancillary equipment located at a third-party site was sold for £16,000. These funds are held in Hilco's client account and are therefore not shown on the receipts and payments account, but are expected to be remitted to the estate shortly.

We received a pension refund of £15,193 from Legal and General during the Period. No further realisations are expected.

We engaged property consultants CAPA on a 'no win no fee' basis to carry out a review of historical rates in terms of all trading properties to establish if any refunds are due to the administration estate. In the Period £14,306 has been recovered by CAPA for which they were paid a fee of £3,219. CAPA remains engaged so further recoveries may be possible.

Interest

Bank interest of £1,185 was received in the Period, which was collected by Freeths in respect of the sales proceeds. Future interest from the estate bank account is expected to be minimal.

Agents' costs

Hilco's costs for realising the tangible assets were agreed on a time cost basis plus out of pocket expenses. Hilco incurred time costs of £21,000 and disbursements of £17,257, which will be discharged shortly.

A separate fee basis was agreed with Hilco for the sale of the IP, which is a fixed fee of £3,500 and a contingent fee based upon a percentage of realisations. Hilco's fee in this respect is £21,125 and will be discharged shortly.

2.4 Additional assets

Litigation

Upon appointment the Company was engaged in High Court action in relation to a dispute with a customer, Strukton. The administration moratorium prevents this being continued without the consent of the administrators or the permission of the court.

Prior to its administration, the Company engaged the legal firm Clyde & Co in respect of this action. In March 2023, we engaged Clyde & Co to prepare a high-level report in respect of the High Court action and arbitration proceedings, both commenced by Strukton. The purpose of this report was to help us understand the dispute between the Company and Strukton in more detail for us to make an informed decision as to whether to continue the litigation. Clyde & Co were paid £10,895 for this report and £1,176 for the transfer of Company data to the Joint Administrators.

On 21 April 2023, we received Clyde & Co's report which we considered and discussed with our legal advisors, Freeths. Based upon the information provided by Clyde & Co, it was considered that there was no commercial basis for the Company, acting by its Joint Administrators, to continue with the proceedings.

Certain steps will now be taken to formally bring each set of proceedings to an end and seek a return of the deposit lodged in a designated arbitration account by the Company for the arbitration, the value of which is unknown. This is currently being progressed with the assistance of Freeths and further details will be provided in our next report.

Tax recoveries

Grant Thornton's tax team will review the Company's historical tax returns and accounts to determine any potential tax refunds, set offs, or VAT bad debt relief claims.

2.5 Assets remaining to be realised

There are no further asset realisations other than in relation to matters highlighted above.

2.6 Leasehold properties

The Company operated from four leasehold properties and a serviced office. Additionally, the Company occupied third party customer sites in Birkenhead and Bletchley on an informal basis.

As per our Proposals, property agents and chartered surveyors, Sanderson Weatherall, confirmed no lease premiums would be available to the estate.

As mentioned above, the offers accepted for the Company's assets included an LTO provision for GWR to occupy the premises at Southam and Long Marston for a short period. This was necessary as GWR required time to relocate assets which were stored in these locations.

The following steps have been taken for each property:

Southam (leasehold)

The Company remained in occupation of Southam to facilitate the sale of the assets, with rent accruing during the period of occupation and payable from the estate. Following the completion of the asset sale on 14 February 2023, GWR occupied Southam subject to a three-month LTO. In May 2023, this LTO was extended for a further month, at GWR's request, to allow sufficient time for the removal of their assets. GWR vacated on 13 June 2023 and as the Company is no longer in beneficial occupation, we have requested a surrender of the lease.

Long Marston (leasehold)

Long Marston was occupied by the Company to store 82 scrap train carriages and rail track. The Company remained in occupation to facilitate the sale of the assets, with rent accruing during the period of occupation and payable from the estate. Following the completion of the asset sale on 14 February 2023, GWR occupied Long Marston subject to a three-month LTO. During this period, GWR requested an assignment of the lease, which was completed on 14 May 2023.

Unit 5 Seaham (leasehold)

Unit 5 Seaham was in the process of being vacated prior to the administration. The Company subsequently vacated this premises on 15 December 2022. We anticipate the execution of a surrender of this property shortly.

Unit 6 Seaham (leasehold)

Unit 6 Seaham was vacated prior to administration and the Company was in the process of agreeing a surrender of the lease. This was subsequently completed on 24 March 2023.

Lighthouse (serviced office)

Lighthouse was used by the Company as a serviced office and the keys were returned following our appointment. The agreement in place automatically terminated upon insolvency and as there is no lease in place, no formal surrender is required.

3 Investigations into the affairs of the Company

3.1 Statutory investigations

We undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Also, within three months of our appointment as Joint Administrators, as required by the Company Directors Disqualification Act 1986, we reported to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years).

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.

4 Creditors and dividends

4.1 Secured creditors

Maven was granted a fixed and floating charge debenture over the Company's assets on 20 February 2020. At the date of administration, the balance due secured by this debenture was £1,539,773.

HCR was engaged to advise us on the validity of the security and no issues were identified during this process.

Maven released its security over the Company's assets to enable the asset sale discussed in section 2.5. On 21 February 2023, a distribution of £272,391 was made to Maven under its fixed charge security.

Subject to the final level of asset realisations, costs and admitted claims, we expect to make a second and final distribution to Maven of c£600,000 pursuant to its floating charge security. There is likely to be an overall shortfall to the secured creditor once the administration is concluded.

4.2 Preferential creditors

Ordinary preferential creditors

These may include employee claims for wages and salary up to £800 per person and accrued holiday pay, and employee contributions to occupational pension schemes deducted in the four months before the insolvency. A significant element of these claims will be transferred to the Secretary of State following payment of employment-related claims by the RPS. There may also be a claim by a lender to the extent the lender advanced funds for payroll which resulted in employees not having preferential claims for arrears of pay.

The RPS submitted an interim proof of debt form which estimates its preferential claim to be £30,708, which will be subject to adjudication. There may also be preferential claims from individual employees which we estimate to be c£20,000.

The ordinary preferential creditors will be paid in full within the next six months (upon resolution of employment tribunal matters).

Secondary preferential creditors

These may include HMRC claims for arrears of VAT and for sums deducted in respect of PAYE, employees' national insurance contributions and student loan repayments, and construction industry scheme deductions.

The SOA estimated the secondary preferential claim to be £710,081.

HMRC submitted an interim proof of debt form which estimates its secondary preferential claim to be £471,146, being £229,349 for VAT and £241,797 for PAYE arrears. We expect this claim might increase in line with the SOA estimate as the claim excluded figures for the final VAT and PAYE periods prior to the Company's insolvency.

We anticipate secondary preferential creditors will be paid in full following receipt of HMRC's final claim.

4.3 Unsecured creditors

The SOA disclosed 222 unsecured creditors with claims totalling £3.9 million. This does not include other potential unsecured claims such as those from landlords, directors, and employees/the RPS.

There may also be additional creditor claims in respect of contractual losses due to the Company's insolvency.

Prescribed part

In accordance with section 176A of the Act, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000, or, if the floating charge was created on or after 6 April 2020, £800,000.

Based upon current information we estimate the prescribed part at c£170,000, which would represent a 3p in the pound dividend to the unsecured creditors, as per SOA creditor values. We anticipate this distribution being paid in approximately (upon resolution of employment tribunal matters).

Sanctioned creditors

Any distributions to be made to creditors, in any class, who are designated under the UK sanctions regime (and the United States (US), European Union (EU) and other applicable sanctions regimes) (Sanctioned Creditors) will be frozen to comply with our legal obligations and will not be made available to Sanctioned Creditors unless, in very limited circumstances, the payment of the distribution is permitted by licenses issued by all applicable sanctions authorities.

Claims

In the Period, 79 claims were received totalling £18.4 million which includes a claim of £15.4 million received from Strukton. As discussed in section 2.4, we expect Strukton's final claim in the proceedings to be reduced to c£1.5 million resulting in a similar total unsecured creditors value to the SOA.

In addition, the RPS's interim proof of debt form estimates its unsecured claim to be £180,040, comprising employee related claims in respect of wage arrears above the statutory threshold, redundancy and notice pay. This excludes any amounts owing to directors which may increase this if claims are received.

The SPA with GWR included a provision for GWR to settle certain creditors of the Company which GWR requested as a necessary step to continue certain trading which was previously provided by the Company. We are liaising with GWR to confirm if these creditors were discharged.

As a gesture of goodwill the Company's shareholder, RDC, is settling in full certain creditor claims which it has no obligation to do so. These claims are limited to the subcontractors who did not benefit from employee status, and we understand these claims will be assigned to RDC to claim as a subrogated creditor in the proceedings.

We have been notified of a small number of claims for protective awards brought by former employees. The tribunals are currently in progress and may result in further unsecured claims in the estate. Further details will be provided in our next report.

All unsecured claims will be subject to adjudication.

Dividend prospects

We are currently reviewing the unsecured creditors' claims and anticipate paying a prescribed part dividend within the next six months (upon resolution of employment tribunal matters). A notice of intended dividend will be issued to creditors in due course, which provides them with a date by which to make a claim to be considered for dividend purposes.

A claim form is available online for completion and submission through the Grant Thornton Insolvency Act portal. Unique passwords have previously been provided to each creditor.

5 Joint Administrators' remuneration and expenses

5.1 Overview

Our remuneration is being charged on a time costs basis as agreed by the creditors.

We have incurred time costs in the Period amounting to £788,268 in comparison to the time costs in our fees estimate of £758,169. No fees have been drawn to date.

Expenses incurred in the Period total £3,952,514, with £3,832,047 having been paid from the estate. Both amounts include the settlement to Lombard of £3,296,000.

In addition to the time costs incurred of £788,268 and expenses incurred of £641,856 in the Period, we estimate an additional £108,397 in time costs and £94,222 in expenses to deal with the remaining matters as detailed in this report and to close the administration.

This brings our total estimated time costs to £896,665 in comparison to the time costs in our fees estimate totalling £758,169, which was provided to creditors when we sought the appropriate approval. This represents an increase in our original fee estimate of £138,496.

As detailed in Appendix D, we propose a revision to our fees estimate as a result of changing circumstances, including but not limited to a required extension to the administration, payment of a prescribed part dividend to unsecured creditors and necessary time spent to increase asset realisations, none of which were foreseen at the time of submission of our original fees estimate. Such approval will be sought from the secured and preferential creditors shortly.

Subject to the approval of the revised fee estimate and based upon consultation with Maven as secured creditor, we currently anticipate limiting our total remuneration to £833,170 as opposed to the revised total fee estimate of £896,665. This is based on current information and is therefore subject to change.

Further details about remuneration and expenses are provided in Appendix D to this report.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- payment of administration expenses, including our remuneration
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities
- finalisation of the Strukton matter and collecting the Company's deposit held in the ICC account
- agree lease surrenders for Southam and Unit 5 Seaham
- complying with statutory and compliance obligations, including an extension to the administration
- paying a final distribution to the secured creditor
- agreeing the claims of the ordinary and secondary preferential creditors and payment of a dividend
- agreeing the claims of the unsecured creditors and payment of a prescribed part dividend.

6.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of the creditors or the court. The administration is currently due to end on 30 November 2023.

It has been identified that an extension to the administration is required, for a period of 12 months, to enable us to pay a prescribed part dividend to the unsecured creditors, which was not initially anticipated at the outset of the administration.

The consent of each secured creditor and approval of the preferential class of creditors is required to effect the extension and their approval will be sought shortly.

6.3 Exit from administration

As detailed in our proposals we do not consider it likely that we will have sufficient funds to make a distribution to unsecured creditors (other than by virtue of the prescribed part) and therefore intend to exit the administration and move to dissolution.

6.4 Discharge from liability

At the conclusion of the administration, we require discharge from liability.

As there are insufficient funds to make a distribution to creditors other than by virtue of the prescribed part, we will seek consent from the secured creditor and a decision of the preferential creditors in order to obtain our discharge from liability.

6.5 Data protection

Any personal information held by the Company will continue to be processed for the purposes of the administration of the Company and in accordance with the requirements of data protection. Our privacy notice on our website (www.granthornton.co.uk/en/privacy) contains further details as to how we may use, process and store personal data.

6.6 Contact from third parties

Please be aware that fraudsters have been known to masquerade as legitimate administrators. Fraudsters may contact creditors asking for an upfront fee or tax to release an investment or to enable payment of a dividend / the release of money payable to the creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

6.7 Future reporting

Our next report to creditors will be issued no later than 31 December 2023, or earlier if the administration has been completed by that date.

A Notice about this report

This report has been prepared solely to comply with the Joint Administrators' statutory duty to report to creditors under the Rules on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Rules do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note that we are all authorised by the Insolvency Practitioners Association to act as insolvency practitioners.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointment of the Joint Administrators is personal to them and to the fullest extent permitted by law, Grant Thornton does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the Joint Administrators' Proposals issued to the Company's creditors, which can be found on the Grant Thornton portal <https://www.grantthornton.co.uk/portal/>). Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

B Statutory information

Company information

Company name	Vivarail Ltd
Date of incorporation	22 August 2013
Company registration number	08661726
Former trading addresses	Westfield Road, Kineton Road Industrial Estate, Southam, CV47 0JH Unit 5, Admiral Point, Spectrum Business Park, Dawdon, Seaham, County Durham, SR7 7PP Unit 6, Admiral Point, Spectrum Business Park, Dawdon, Seaham, County Durham, SR7 7PP Lighthouse Serviced Office, Office 3.8, Spectrum Business Park, Building 2, Lighthouse View, Seaham, SR7 7PR
Former registered office	Westfield Road, Kineton Road Industrial Estate, Southam, England, CV47 0JH
Present registered office	11th Floor, Landmark, St Peters Square, 1 Oxford Street, Manchester, M1 4PB

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice Business and Property in Birmingham, Insolvency & Companies List (ChD), 000600 of 2022
Appointor	the directors
Date of appointment	1 December 2022
Joint Administrators' names	Jon Roden Helen Dale Andrew Charters
Joint Administrators' addresses	17th Floor, 103 Colmore Row, Birmingham, B3 3AG 30 Finsbury Square, London, EC2A 1AG
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Estimated value of the net property and confirmation of the prescribed part cap	The Company's net property is estimated to be £850,000. The prescribed part is capped at the statutory maximum of £600,000, or, if the floating charge was created on or after 6 April 2020, £800,000
Prescribed part distribution	The Joint administrators do not intend to apply to court to obtain an order that the prescribed part shall not apply. Therefore, the Joint administrators do intend to make a distribution to the unsecured creditors
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Act, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	30 November 2023

C Abstract of the Joint Administrators' receipts and payments

Vivarail Ltd (In Administration) Joint Administrators' Trading Account

Statement of Affairs £	From 01/12/2022 To 31/05/2023 £	From 01/12/2022 To 31/05/2023 £
TRADING EXPENDITURE		
Rents	43,396.74	43,396.74
Rates	522.92	522.92
Utilities	14,822.93	14,822.93
Insurance	6,993.16	6,993.16
IT Technology	2,759.17	2,759.17
Payroll services	7,399.00	7,399.00
Security	30,660.60	30,660.60
Retained payroll (tax)	46,398.15	46,398.15
Retained payroll (net)	105,446.12	105,446.12
Retained payroll (pension)	32,964.11	32,964.11
Retained payroll (other)	1,616.64	1,616.64
Employee expenses	999.75	999.75
	<u>(293,979.29)</u>	<u>(293,979.29)</u>
TRADING SURPLUS/(DEFICIT)	<u><u>(293,979.29)</u></u>	<u><u>(293,979.29)</u></u>

Vivarail Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 01/12/2022 To 31/05/2023 £	From 01/12/2022 To 31/05/2023 £
	SECURED ASSETS		
1,500,000.00	Intellectual Property	352,500.00	352,500.00
		352,500.00	352,500.00
	COSTS OF REALISATION		
	Professional Fees	2,000.00	2,000.00
	Legal Fees	6,482.00	6,482.00
		(8,482.00)	(8,482.00)
	SECURED CREDITORS		
(1,500,000.00)	Maven	272,391.00	272,391.00
		(272,391.00)	(272,391.00)
	ASSET REALISATIONS		
875,579.00	Cash at Bank	825,796.23	825,796.23
	Cash in blocked account	3,955,200.00	3,955,200.00
365,200.00	Fixed assets	NIL	NIL
	Interest	1,185.48	1,185.48
	LTO In	93,733.33	93,733.33
	Misc Refunds	15,193.68	15,193.68
	Motor Vehicles	7,500.00	7,500.00
	Plant & Machinery (Southam)	395,000.00	395,000.00
	Rates Refund	14,306.40	14,306.40
687,819.00	Stock	953,000.00	953,000.00
667,330.00	Trade debtors	137,981.55	137,981.55
	Trading Surplus/(Deficit)	(293,979.29)	(293,979.29)
	Trains returned by Lombard	60,000.00	60,000.00
56,693.00	WIP	80,000.00	80,000.00
		6,244,917.38	6,244,917.38
	COST OF REALISATIONS		
	Bank Charges	61.30	61.30
	IT Costs	11,662.88	11,662.88
	Legal Fees (1)	146,598.42	146,598.42
	LTO Out	83,796.72	83,796.72
	Pre-appointment legal fees	6,269.00	6,269.00
	Professional Costs (ERA)	3,315.20	3,315.20
	Professional Fees	3,218.94	3,218.94
	Property Agents Fees	3,225.00	3,225.00
	Re-Direction of Mail	321.00	321.00
	Settlement to Lombard	3,296,000.00	3,296,000.00
	Statutory Advertising	88.75	88.75
		(3,554,557.21)	(3,554,557.21)
	UNSECURED CREDITORS		
(5,616,293.00)	Unsecured Creditors (All)	NIL	NIL
		NIL	NIL
	PREFERENTIAL CREDITORS		
(20,227.00)	Preferential Creditors (All)	NIL	NIL
		NIL	NIL
	SECONDARY PREFERENTIAL CREDITORS		
(710,081.00)	HMRC	NIL	NIL
		NIL	NIL
(3,693,980.00)		2,761,987.17	2,761,987.17
	REPRESENTED BY		
	Fixed Current Account		150,609.00

Vivarail Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 01/12/2022 To 31/05/2023 £	From 01/12/2022 To 31/05/2023 £
REPRESENTED BY CONTINUED		
Floating Current Account		2,006,758.30
Trade Creditors		(29,956.21)
VAT on Purchases		666,242.75
VAT on Sales		(31,666.67)
		2,761,987.17

D Payments to the Joint Administrators and their associates

SIP9 disclosure

This appendix has been prepared in accordance with the requirements of the Act, the Rules and SIP9. In summary, it covers:

- pre-appointment costs
- remuneration basis
- work done by the Joint Administrators and their team during the Period
- statement of expenses incurred in the Period
- payments to associates
- relationships requiring disclosure
- sub-contracted work
- information for creditors (rights, remuneration, committees).

Pre-appointment costs

Pre-administration costs are fees charged and expenses incurred by the Joint Administrators, or other qualified insolvency practitioners, before the Company entered administration but with a view to it doing so. To the extent they remain unpaid when the Company entered administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

On 20 March 2023 the secured and preferential creditors approved the following pre appointment costs:

- The Joint Administrators' pre-appointment fees of £129,689 and expenses of £132
- The pre-appointment costs of Hilco of £6,000
- The pre-appointment legal costs of Freeths of £6,269

In the Period, Freeths was paid pre appointment costs of £6,269. The remaining pre appointment costs will be discharged from the estate shortly.

Post-appointment costs

Remuneration basis of the Joint Administrators

On 20 March 2023, the secured and preferential creditors resolved that remuneration be fixed by the time properly spent by the Joint Administrators and their staff, subject to a fee estimate of £758,169.

During the Period, time costs of £788,268 were incurred represented by 1,673 hrs at an average of 471 £/hr (as shown in the 'Work done' section below). A description of the work done in the Period is provided in the respective section below.

Time costs incurred exceed those anticipated in our fees estimate and expenses incurred also exceed our prior expense estimate, both of which were provided to the creditors prior to the determination of our remuneration basis. The reasons for the excess are as follows:

- The completion of the asset sales took longer than anticipated due to the internal and external approvals required by each purchaser;
- It was necessary to undertake further works, which was unforeseen, in respect of the cash held in the blocked account and sale of the returned trains. This has resulted in a significantly improved outcome for creditors; and
- Our original fees estimate was prepared on the basis that the administration would be for a period of 12 months and no dividend being payable to unsecured creditors. However, due to the improved outcome for creditors, a dividend to unsecured creditors via the prescribed part is now anticipated which will require a 12 month extension to enable adjudication of such claims and the subsequent distribution.

As at Period end, no payment from the estate has been made towards our remuneration. Based upon the report to which this document is appended, we currently anticipate a total payment from the estate of £833,170 (subject to required approvals discussed below) which is based on current information and is therefore subject to change. Please note that the total anticipated payment does not limit the amount of remuneration that the Joint Administrators can draw from the estate, only the fees estimate has such effect.

The above anticipated total payment from the estate towards our remuneration exceeds the current fees estimate provided to creditors prior to the determination of our fee basis. Under r18.30 of the Rules, we are not permitted to draw remuneration in excess of the total amount set out in our original fees estimate of £758,169, without approval. Accordingly, we will shortly request approval of our revised fees estimate for £896,665. We have consulted with the Company's secured creditor in this regard and following these preliminary discussions, we propose to limit our post-appointment remuneration to £833,170 (as highlighted above).

Fees estimate and work done in the Period

A fees estimate comprises the work anticipated to be undertaken and the estimated respective time cost (remuneration chargeable) – the remuneration eventually paid may be more or less than the fees estimate depending on the complexity of the case as it progresses and the value of asset recoveries or successful claims, for example. The fees estimate below is based on all of the information available to us as at 26 June 2023. We have considered and accounted for the different levels of expertise that we anticipate will be required to do the work we anticipate necessary to complete the administration, in calculating the time and cost included in the fees estimate table provided below. The table below also includes narrative details of the work done in the Period (numerical analysis of the work done is in the subsequent table and details of expenses incurred in the Period are provided in the 'Expenses' section further below). A more detailed numerical break down of the fees estimate is included in the SIP9 time costs analysis table further below.

Note that the revised fees estimate is also based on the following assumptions:

- That the administration will be concluded within 18 months of the commencement of the administration
- That no further asset realisations are anticipated

Unless otherwise stated, both the work done in the Period and the work anticipated is to comply with legislation and/or best practice requirements and, where applicable, to secure, manage and realise assets/recover claims to help generate financial value for the benefit of the estate and for distributions to creditors to be made (should sufficient funds become available). The work adds value to the insolvency process, if not financial value to the estate, and helps facilitate efficient case management.

Work done and why it was necessary	Anticipated work and why it is necessary	Revised fees estimate		
Trading		60 hrs	£37,459	£/hr622
Trading general				
<ul style="list-style-type: none">• Determined an appropriate strategy for the Company's trading operations while a sale of the business was explored• Liaised with key customers to assess appetite and ability to continue trading during administration• Prepared necessary forecasts to understand the impact of incurring holding costs including any benefit for creditors• Liaised with suppliers and landlords and providing undertakings for holding costs• Preparing trading budgets and forecasts to help achieve the best trading outcome• Communicating with employees and processing payroll for all retained staff members• Withdrawal of undertakings for utilities and other holding costs• Processing payments of holding costs incurred	<ul style="list-style-type: none">• Finalising the payment of holding costs			
Assets		584 hrs	£320,018	£/hr548
Insurance				
<ul style="list-style-type: none">• Completing assessments of insurance requirements and liaising with the broker to obtain appropriate best value insurance for the assets• Periodical review of insurance to ensure cover is relevant and current• Providing information to insurers to obtain cover and calculate the premium• Responding to queries and meeting on site at Southam• Complying with health and safety requirements	<ul style="list-style-type: none">• Periodical review of insurance to ensure cover is relevant and current• Notifying insurer once cover can be cancelled• Arranging payment of premiums and/or return of any credits			
Property				
<ul style="list-style-type: none">• Reviewing leases to determine value and corresponding with landlords• Assessing, implementing and monitoring necessary security requirements	<ul style="list-style-type: none">• Liaise with GWR to ensure Southam is vacated at the end of Southam• Instruct agents to carry out final inspection and collect keys to property following end of LTO period			

- Review the Company's records to understand the leasehold property position
- Prepare and issue undertakings to landlords
- Provide cessations to landlords and utility providers following the exit from certain premises
- Engaged with property agents Sanderson Weatherall to review leases held on all properties
- Managing the process of vacating the properties, including the relocation of certain assets
- Engaged Freeths regarding the surrender of Unit 6 Seaham, the LTO extension at Southam and the assignment of Long Marston

- Liaise with landlord regarding surrender of Southam and Unit 5 Seaham
- Pay additional costs of Sanderson Weatherall

Debtors

- Collect and analyse data relating to the debtor position at appointment to assist with the collection
- Liaising with company staff and our solicitors to understand the recoverability of certain WIP and debtors
- Discussions with debtors with regards to the settlement of outstanding amounts
- Review and approval of certain settlement agreements
- Collection of debtor receipts
- Review TRW position regarding full and final settlement

- No further work anticipated

Shareholdings / investments

- Liaising with management to understand position of dormant subsidiaries and ensure no assets available to the estate

- No further work anticipated

Intellectual property

- Engaged Hilco to review and value IP
- Liaised with Company personnel to understand and secure the IP
- Liaised with Hilco regarding their strategy and offers received for the IP
- Sought advice from Freeths regarding the proposed sale of the IP
- Liaised with IT company to secure IP stored on Company's network
- Review value of IP as part of any asset sale by liaising with employees and agents Hilco
- Liaised with IT company to create secure copy of IP prior to sale
- Dealt with, delivered and facilitated transfer of IP to purchasers

- Pay Hilco's invoice

Vehicles	
<ul style="list-style-type: none"> liaise with Hilco regarding the vehicle details and locations for onward sale liaise with lease companies for the return of certain vehicles 	<ul style="list-style-type: none"> No further work anticipated
Plant & machinery, fixtures & fittings, equipment	
<ul style="list-style-type: none"> Instructing and liaising with agents to obtain valuations and to determine the optimal realisation strategy and implementing it Corresponding and negotiating with interested parties to sell the assets Liaising with third parties to arrange the return and collection of leased items Considering the strategy for any plant and equipment not sold as part of larger contract sales Various discussions and emails with Hilco and Freeths regarding the offers received Responding to queries from purchasers, where appropriate Instructed Freeths to draft sale agreements Arranged for the secure wiping of all company IT equipment Completed asset sales to various purchasers 	<ul style="list-style-type: none"> Arrange the settlement of Hilco's costs Collect the proceeds of the miscellaneous equipment sales
Stock & work-in- progress	
<ul style="list-style-type: none"> Engage and liaise with agents, Hilco, regarding the asset realisation strategy Performed a stock reconciliation to understand the Company's actual position as at the date of administration Arranged for the appropriate relocation of stock Liaised with interested parties to establish any offers Completed asset sales to interested parties and collect consideration Discuss WIP position with former directors and liaise with ERG regarding settlement Review ERG settlement agreement and collect proceeds 	<ul style="list-style-type: none"> No further work anticipated
Cash at bank	
<ul style="list-style-type: none"> Liaise with the Bank to freeze pre-appointment accounts Contact Bank to arrange transfer of funds to administration estate and subsequent closure of the accounts Opened post-appointment bank accounts to process the estate's transactions Liaised with Lombard and WMT with regards to funds held in a blocked account Sought legal advice regarding funds in blocked account 	<ul style="list-style-type: none"> No further work anticipated

Sale of business				
<ul style="list-style-type: none">Obtaining valuations of the business and assets, instructing and liaising with agents to market the business and assets and overseeing the marketing processRe-approached interested parties from pre-appointment and explored further interest in a purchase of the businessMaintained schedule of interested parties	<ul style="list-style-type: none">No further work anticipated			
Other assets				
<ul style="list-style-type: none">Review of Company records to realise any other assetsRealised and organised collection any remaining assets following asset saleInstructed CAPA to consider a business rates refundConsidered the ongoing litigation with StruktonEngaged Clyde & Co to report on the Strukton dispute and discuss outcome with Freeths	<ul style="list-style-type: none">Continue to work with CAPA to maximise realisations relating to business rates refundsFormally end Strukton litigation proceedings with the assistance of Freeths and seek refund of ICC deposit			
Investigations		91 hrs	£27,742	£/hr304
Debtor / directors / senior employees				
<ul style="list-style-type: none">Issuing questionnaires to directors regarding the conduct of the Company, assessing responses and following up on any matters as appropriate to help assess the conduct of the Company's directorsConsidering available Company information, and relevant third-party information, to help assess the conduct of the Company's directorsPreparing and submitting a report to the Insolvency Service on the conduct of the Company's directorsContacted individuals acting as a director in the three years prior to the administration period and requested that they respond to questionnairesFollow up emails to directors, including answering any general queriesChased responses to questionnaires and answered any queriesReviewed and assessed expenses incurred by directors	<ul style="list-style-type: none">No further work anticipated			
Books & records				
<ul style="list-style-type: none">Locating, securing, inventorying, assessing and analysing books and records to facilitate investigations and in accordance with SIP2, legislation and regulatory requirementsWriting to solicitors/accounts and other third parties and reviewing records receivedEngaged Restore to assist with the collection and archiving of physical books and recordsWorked with Lucid to preserve and back-up data from IT systems	<ul style="list-style-type: none">Liaise with Restore to collect additional records from Southam			

<ul style="list-style-type: none"> Secured IT equipment to preserve data held on physical devices 	
Bank statements & analysis	
<ul style="list-style-type: none"> Obtaining and analysing pre-appointment bank statements to identify any potential transactions for investigation and recovery Requested that bank statements be analysed by internal analysis team Reviewed results of analysis to fulfil office holders' duties and assess if further investigation was needed 	<ul style="list-style-type: none"> No further work anticipated
Claims	
<ul style="list-style-type: none"> Considered potential claims from customers for contract termination Carrying out further investigation work, to develop claims as appropriate Negotiating and concluding settlements as appropriate 	<ul style="list-style-type: none"> No further work anticipated
Creditors	
Secured	
<ul style="list-style-type: none"> Obtaining copies of charge documentation, confirming outstanding balance and details of any security held Responding to correspondence received and providing ad hoc case updates Instructed a security review through independent legal advisers, HCR, and reviewed the contents Liaised with the secured creditors as to the progress of the sale agreements and the initial stages of the administration Provided updates to the secured creditors as required on the progress and strategy of the process 	<ul style="list-style-type: none"> Respond to correspondence received and provide ad hoc case updates Continue to provide regular updates to Maven in respect of potential return to secured creditor Obtain remuneration approval from Maven for increase in our revised fees estimate Obtain extension approval from Maven Further distributions to Maven under its floating charge, as appropriate
Employees & pensions	
<ul style="list-style-type: none"> Dealing with pension related queries raised by employees Arranged communication with employees Advised employees of the administration and the impact on retention or redundancies Posted letters out to all employees to advise of the administration and its impact Engaged a third-party specialist, Evolve, to communicate with employees in relation to their claims in the estate and the redundancy process Liaised with Evolve regarding the status of employee claims Responded to incoming employee queries Arranged payment to retained employees via usual payroll process Provided updates to all remaining staff on timings and reasons for redundancies Complete ET3 form for employee tribunal proceedings 	<ul style="list-style-type: none"> Responding to ad hoc queries and correspondence received Review P11D process to see if they are necessary based on information received Closure of the Company's payroll and pension scheme Receive regular updates on employment tribunal and consider any protective award claim Instruct Evolve to agree the employee and RPS claims for dividend purposes Payment of preferential dividend
384 hrs £176,526 £/hr459	

Unsecured

<ul style="list-style-type: none"> Updating details and dealing with ad hoc queries and correspondence received Maintained and updated unsecured creditor information on internal Insolvency Practitioner's Software Continued to gather information in relation to all known creditors and their claims Responded to unsecured creditor queries Reported to creditors in line with statutory requirements 	<ul style="list-style-type: none"> Formal adjudication of unsecured creditor claims Confirm details of any mitigated creditors Correspondence with RDC regarding assignment of certain creditor claims Correspondence with GWR regarding the settlement of certain creditor claims Continue to gather information about unsecured creditors and their claims Respond to unsecured creditor queries as they arise Payment of prescribed part dividend
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Retention of title

<ul style="list-style-type: none"> Attending site to oversee identification of assets Negotiating and corresponding with creditors to conclude claims Considering whether a prescribed part is available if preferential creditors can be paid in full 	<ul style="list-style-type: none"> No further work anticipated
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Administration**790 hrs £334,920 £/hr424****Appointment formalities**

<ul style="list-style-type: none"> Checking the presence, validity and filing of all formal appointment documents, instructing and obtaining respective legal advice Preparing, circulating, advertising and filing notice of appointment 	<ul style="list-style-type: none"> No further work anticipated
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Case set-up

<ul style="list-style-type: none"> Setting-up and maintaining a case record on the Insolvency Practitioners System, including inputting company/debtor and appointment details, setting the appropriate reporting diary to facilitate compliance with statutory requirements Calculating, completing and submitting the bordereau notification to protect the insolvency estate Collating and assessing information regarding data collection, storage, processing and destruction to comply with data protection regulations; implementing and maintaining any necessary data protection strategies, reporting any known issues 	<ul style="list-style-type: none"> No further work anticipated
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Case management

<ul style="list-style-type: none"> Preparing and assessing case file reviews (including anti-money laundering, ethics and data protection matters) to ensure efficient and effective case progress Ongoing strategy development Ensured filing of all relevant documents, emails and other communications Reviewed the case and progress by the insolvency practitioners and internal risk management team Regular team meetings to discuss case strategy progress and deadlines 	<ul style="list-style-type: none"> Ongoing strategy development Continue with case management reviews by the Joint Administrators and internal risk management team to ensure effective risk management and compliance with internal procedures Continue with regular team meetings to discuss case strategy progress and deadlines Continue to maintain Estimated Outcome Statement to establish the potential level of funds available for each class of creditor
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- Liaised with the internal public relations team regarding the appointment and producing a statement for release
- Continued case management reviews and other processes to ensure effective risk management and compliance with internal procedures
- Prepared and maintained Estimated Outcome Statement to establish the potential level of funds available for each class of creditor

Reports to creditors, notices & decisions

- | | |
|--|--|
| <ul style="list-style-type: none"> • Monitoring deemed consent / decision procedures, reviewing submissions, establishing the decision outcomes, assessing validity and reporting as appropriate • Drafting, circulating and filing the Joint Administrators' statement of proposals for achieving the purpose of the administration • Reviewed time costs incurred by the Joint Administrators and their team • Prepared fee estimate • Prepared decision procedures | <ul style="list-style-type: none"> • Drafting, circulating and filing of reports to creditors regarding case progress and any significant matters • Preparing and issuing notice of deemed consent or decision procedures (as appropriate) and related documentation, regarding fixing the basis of the office holders' remuneration, forming a committee and any other necessary decisions • Monitoring deemed consent / decision procedures, reviewing submissions, establishing the decision outcomes, assessing validity and reporting as appropriate |
|--|--|

Shareholders / debtor / director communications

- | | |
|---|--|
| <ul style="list-style-type: none"> • Preparing and issuing initial general information requests • Liaised with directors as required to ensure the completion of questionnaires • Liaised with directors to help facilitate asset sale and chase debtors • Liaised with majority shareholder to update on administration • Communicated with directors to request statement of affairs | <ul style="list-style-type: none"> • Deal with ad hoc correspondence and queries received |
|---|--|

Statement of affairs

- | | |
|--|---|
| <ul style="list-style-type: none"> • Preparing and issuing notice requiring submission of a statement of affairs for the Company to the Joint Administrators; liaising with the notified person(s) accordingly, obtaining statement of concurrence as appropriate, and filing the statement of affair • Reviewing and assessing the statement of affairs to identify and seek explanation of any differences regarding expected realisations, following up related queries appropriately • Filing the statement of affairs at Companies House | <ul style="list-style-type: none"> • No further work anticipated |
|--|---|

Treasury, billing & funding

- | | |
|---|---|
| <ul style="list-style-type: none"> • Preparing and assessing bank reconciliations, at least quarterly • Assessing and processing invoices and remittances, preparing journals and cashbook entries as necessary • Open administration bank account • Contact pre-appointment bank to ensure account frozen and funds secured • Made payroll payments to retained staff | <ul style="list-style-type: none"> • Continue to process receipts and payments • Continue to manage and maintain the estate bank accounts • Continue to perform regular bank reconciliations |
|---|---|

- Made payments to agents for work completed
- Preparing, assessing and processing billing requests

Tax

- Notifying tax team of appointment, collating and assessing tax information, continuing liaison as appropriate for the benefit of the case
- Notifying HMRC of appointment
- Liaising with HMRC regarding tax status, preparing and submitting required tax forms
- Tax planning for asset disposals
- Preparing and submitting tax and VAT returns as required
- Collect tax information to present to our internal tax team
- Seek advice from the tax team regarding the tax impact of the sale of certain divisions and assets

- Prepare and submit tax and VAT returns as required
- Considering whether it is appropriate to deregister for VAT and deregistering
- Continue to liaise with internal tax team to understand tax liabilities
- Finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any post administration liabilities

Pensions

- Notifying pensions team of appointment, collating and assessing pensions information, continuing liaison as appropriate for the benefit of the case
- Preparing and filing statutory filings as required
- Correspondence with the Pensions Regulator, employee benefits and pension scheme providers
- Obtained and reviewed pension contribution data
- Made pension contributions in relation to wages paid for retained staff
- Completed and filed statutory forms in relation to the pension schemes
- RP15 claims made for staff who were made redundant immediately
- Ensured pensions contributions were maintained for retained staff

- Prepare and file statutory filings as required
- Continue to respond to any pension queries as they arise
- Adjudicate any pension claim for dividend purposes

Closure

- No work carried out in the Period

- Obtain relevant clearances and make final submissions to HMRC and The Pensions Regulator
- Conduct final case review and reconciliation to ensure all matters are concluded, liabilities and dividends paid
- Prepare, issue and file final report to creditors and other required statutory notices
- Arrange continued storage (following closure of the case) and subsequent secure destruction of records in accordance with regulations
- Close bank accounts

Total fees estimate**1,909hrs £896,665 £/hr470**

Detailed SIP9 time cost analysis for the Period and fees estimate variance analysis as at Period end

Period from 01/12/2022 to 31/05/2023

Area of work	Partner Hrs	£	Manager Hrs	£	Executive Hrs	£	Administrator Hrs	£	Period total Hrs	£	£/hr	Fees estimate Hrs	£	£/hr	Variance Hrs	£
Trading:									60.20	37,459.00	622.24	60.20	37,459.00	622.24	-	-
Trading general	25.00	17,375.00	35.20	20,084.00	-	-	-	-	60.20	37,459.00	622.24	60.20	37,459.00	622.24	-	-
Realisation of Assets:									557.30	310,625.75	557.38	583.65	320,018.25	548.31	26.35	9,392.50
Insurance	1.50	1,042.50	8.10	4,139.50	-	-	2.75	618.75	12.35	5,800.75	469.70	12.70	6,186.50	487.13	0.35	385.75
Property	-	-	32.80	17,106.00	1.85	453.25	20.45	4,601.25	55.10	22,160.50	402.19	61.85	25,153.25	406.68	6.75	2,992.75
Debtors	19.75	13,726.25	49.40	28,133.00	-	-	-	-	69.15	41,859.25	605.34	69.15	41,859.25	605.34	-	-
Shareholdings / investments	-	-	0.70	346.50	-	-	-	-	0.70	346.50	495.00	0.70	346.50	495.00	-	-
Intellectual property	27.45	20,697.75	47.40	27,603.00	-	-	18.85	4,241.25	93.70	52,542.00	560.75	93.70	52,542.00	560.75	-	-
Vehicles	-	-	0.50	247.50	-	-	-	-	0.50	247.50	495.00	0.50	247.50	495.00	-	-
Plant & machinery, fixtures & fittings, equipment	5.00	3,475.00	153.70	85,351.50	-	-	5.70	1,282.50	164.40	90,109.00	548.11	171.20	92,305.00	539.16	6.80	2,196.00
Cash at bank	-	-	5.10	2,794.50	-	-	1.75	393.75	6.85	3,188.25	465.44	6.85	3,188.25	465.44	-	-
Sale of business	65.75	45,696.25	60.00	35,700.00	-	-	0.90	202.50	126.65	81,598.75	644.29	137.00	84,160.00	614.31	10.35	2,561.25
Other assets	-	-	16.65	8,973.00	-	-	6.65	1,473.75	23.20	10,446.75	450.29	24.50	11,032.50	450.31	1.30	585.75
Stock & work-in-progress	-	-	4.70	2,326.50	-	-	-	-	4.70	2,326.50	495.00	5.50	2,987.50	545.00	0.80	671.00
Investigations:									91.35	27,741.75	303.69	91.35	27,741.75	303.69	-	-
Debtor / director / senior employees	-	-	2.10	844.50	2.55	624.75	8.45	1,901.25	13.10	3,370.50	257.29	13.10	3,370.50	257.29	-	-
Books & records	-	-	8.80	4,456.00	0.55	134.75	13.40	3,015.00	22.75	7,605.75	334.32	22.75	7,605.75	334.32	-	-
Bank statements & analysis	-	-	10.60	5,457.00	38.90	9,113.00	4.00	805.50	53.50	15,375.50	287.39	53.50	15,375.50	287.39	-	-
Claims	2.00	1,390.00	-	-	-	-	-	-	2.00	1,390.00	695.00	2.00	1,390.00	695.00	-	-
Creditors:									302.83	135,462.15	447.32	384.25	176,526.25	459.40	81.42	41,064.10
Secured	28.00	19,460.00	20.30	11,228.50	0.10	24.50	-	-	48.40	30,713.00	634.57	57.10	35,344.50	618.99	8.70	4,631.50
Employees & pensions	3.00	2,085.00	167.45	85,972.75	3.80	931.00	19.10	4,151.25	193.35	93,140.00	481.72	213.30	108,593.50	509.11	19.95	15,453.50
Unsecured	-	-	12.80	5,870.50	2.60	637.00	44.83	4,748.40	60.23	11,255.50	186.88	113.00	32,235.00	285.27	52.77	20,979.10
Retention of title	-	-	0.60	297.00	-	-	0.25	56.25	0.85	353.25	415.89	0.85	353.25	415.89	-	-
Administration:									661.22	276,979.55	418.89	789.75	334,920.18	424.08	128.53	57,940.62
Appointment formalities	2.75	1,911.25	3.55	1,184.50	0.45	110.25	11.70	2,632.50	18.45	5,838.50	316.45	18.45	5,838.50	316.45	-	-
Case set-up	-	-	2.85	1,275.50	0.90	220.50	0.70	46.01	4.25	1,542.01	362.83	4.25	1,542.01	362.83	-	-
Case management	59.67	45,637.65	133.30	72,356.00	8.15	2,596.75	159.65	36,215.95	356.27	154,758.85	434.39	405.20	175,887.80	434.08	48.93	21,128.95
Reports to creditors, notices & decisions	8.75	6,081.25	64.35	32,716.00	10.55	2,584.75	27.60	5,470.79	111.25	46,852.79	421.15	177.50	78,497.50	442.24	66.25	31,644.72
Shareholders / debtor / director communications	-	-	3.00	1,485.00	0.55	134.75	0.75	168.75	4.30	1,788.50	415.93	5.95	2,497.25	419.71	1.65	708.75
Statement of affairs	-	-	6.45	3,136.50	5.30	1,298.50	-	-	11.75	4,435.00	377.45	11.75	4,435.00	377.45	-	-
Treasury, billing & funding	-	-	16.40	7,383.50	17.10	3,778.25	55.75	9,704.04	89.25	20,865.79	233.79	96.50	22,562.50	233.81	7.25	1,696.71
Tax	9.00	8,055.00	17.40	9,088.00	4.20	1,304.00	6.75	2,115.00	37.35	20,562.00	550.52	40.20	22,351.50	556.01	2.85	1,789.50
Pensions	-	-	22.90	18,145.50	0.45	110.25	0.50	32.87	23.85	18,288.62	766.82	24.95	19,223.12	770.47	1.10	934.50
Closure	-	-	-	-	-	-	-	-	-	-	-	5.00	2,085.00	417.00	5.00	2,085.00
Total	257.62	186,632.90	906.90	493,701.75	98.00	24,056.25	410.38	83,877.30	1,672.90	788,268.20	471.20	1,909.20	896,665.43	469.66	236.30	108,397.22

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Total time costs paid to date: £0

- Please note that the actual time incurred in the Period may slightly differ to that reported in the table above. This is due to lags between time being recorded on our internal system by staff and then being posted to the case. We do not expect any differences to be material and any such discrepancies will be noted in our next report.

Statement of expenses incurred in the Period

This table provides details of expenses incurred in the Period in connection with the work done by the Joint Administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Of which paid by the estate as at Period end (£)
Category 1 expenses		
Holding costs:		
Rent	45,841	43,397
Rates	523	523
Security – GMS Group	30,661	30,661
Insurance – Howdens	6,993	6,993
Utilities	16,781	14,823
Payroll	194,824	194,824
IT costs	2,741	2,741
Agents/valuers costs:		
Sanderson Weatherall	3,225	3,225
Harrison Clark Rickerbys Limited	2,000	2,000
Hilco Valuation Services	53,257	-
IT costs:		
Global Lifecycle Solutions EMEA Ltd	10,486	10,486
Legal costs:		
Clyde & Co	12,072	12,072
Freeths LLP	183,772	142,185
Other professional costs:		
Evolve Solutions Ltd	3,315	3,315
CAPA	3,219	3,219
Other costs:		
Settlement to Lombard	3,296,000	3,296,000
LTO Out	83,712	65,112
Re-Direction of Mail	321	321
Statutory Advertising	89	89
Bank Charges	61	61
Insolvency Practitioner's Bond	1,125	-
Postage	10	-
Office Consumable	553	-
Subsistence	37	-
Storage	44	-

Category 2 expenses		
Mileage	852	-
Total expenses	3,952,514	3,832,047

Expenses are any payments from the estate which are neither the Joint Administrators' remuneration nor a distribution to a creditor or member, but they may include disbursements which are payments first met by and then reimbursed to the Joint Administrators from the estate. Expenses fall into two categories:

Category 1 expenses

These are also known as 'out of pocket expenses' and are payments to third parties not associated with the Joint Administrators where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval from creditors.

Category 2 expenses

These are expenses directly referable to the insolvent estate but payments that are either to an associate, or that include shared or allocated costs that may be incurred by the Joint Administrators or their firm and that can be allocated to the appointment on a proper and reasonable basis. Category 2 expenses require approval in the same manner as the Joint Administrators' remuneration.

There are no shared or allocated costs at this stage. For associates, please see the next section – Payments to associates.

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service.

To the extent that services have been enlisted from Grant Thornton's specialist teams, for example tax, pensions, digital forensics, or any others, the narrative for and cost of their work is included in the work done narrative and SIP9 time costs analysis details in the Fee estimate and work done by the Joint Administrators and their team during the Period section above.

We confirm that in the Period, we have not enlisted any other services from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has an association.

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Joint Administrators' fee basis.

Sub-contracted work

During the Period we have sub-contracted the following work that could otherwise have been carried out by us or our team:

Sub-contractor	Work sub-contracted	Reasons for sub-contracting
Evolve Solutions Ltd	<ul style="list-style-type: none">Employee liaison and claims	<ul style="list-style-type: none">Lower costs to the estate than would have been incurred by the Joint Administrators and their team
Global Lifecycle Solutions EMEA Ltd	<ul style="list-style-type: none">Electronic devices data wiping	<ul style="list-style-type: none">Lower costs to the estate than would have been incurred by the Joint Administrators and use of internal data teams
CAPA	<ul style="list-style-type: none">Historical business rates review	<ul style="list-style-type: none">To carry out a historical rates reviewSpecialist nature of work

The costs incurred and paid for each subcontractor can be seen in the 'Statement of expenses incurred in the Period' table above.

Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) remuneration, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.

