



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

1 Company details

Company number 0 4 1 3 7 8 9 0

Company name in full HCT Group Operations Community Interest Company

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Mark

Surname Thornton

3 Administrator's address

Building name/number Central Square

Street 29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country

4 Administrator's name ①

Full forename(s) Neville

Surname Side

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 55 Baker Street

Street

Post town London

County/Region

Postcode W 1 U 7 E U

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

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7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

M. T. M.

X

Signature date

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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 **Andrew Haynes**

Company name **BDO LLP**

Address **5 Temple Square**

Temple Street

Post town **Liverpool**

County/Region

Postcode

L 2 5 R H

Country

DX

Telephone

+44 (0) 1512 374 500

**Checklist**

We may return forms completed incorrectly or with information missing.

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.

**Important information**

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

**Where to send**

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**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

HCT Group Operations Community Interest Company
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 23/09/2023 To 22/03/2024 £	From 23/09/2022 To 22/03/2024 £
	ASSET REALISATIONS		
Uncertain	Modular Building - gas site conversion	NIL	NIL
Uncertain	Fixtures & Fittings	NIL	18,000.00
40,000.00	Motor Vehicles	NIL	11,000.00
Uncertain	Equipment	NIL	NIL
	Contract Novations - UKPN	NIL	108,166.77
Uncertain	VAT Refund	NIL	NIL
2,368,328.00	Cash and cash equivalents	NIL	2,373,510.88
Uncertain	Trade debtors	1,521.19	98,830.21
	Interest Gross	19,868.57	45,771.70
5,000.00	Fuel	NIL	6,075.00
Uncertain	Deposits (fuel)	NIL	NIL
	Sundry Refunds	NIL	970.05
Uncertain	Bus Services Operator Grant	NIL	NIL
Uncertain	Prepayments	NIL	NIL
Uncertain	Other Debtors	NIL	NIL
Uncertain	Intercompany Debtors	NIL	NIL
Uncertain	Deferred Consideration	760,534.00	760,534.00
	Property Refunds	NIL	1,170.98
		781,923.76	3,424,029.59
	COST OF REALISATIONS		
	Debt Collection Costs	203.72	203.72
	Pre-appointment expenses	NIL	4,046.10
	Pre-Administration Costs	NIL	48,779.00
	Administrators' Fees	NIL	190,000.00
	Destruction of files	1,150.00	1,150.00
	Agents' Fees & Expenses	920.00	4,461.50
	Legal Fees & Expenses	5,539.00	33,393.00
	Data Protection Fee	40.00	80.00
		(7,852.72)	(282,113.32)
	PREFERENTIAL CREDITORS		
	National Insurance Fund	7,927.15	7,927.15
	Preferential Employees	29,737.98	29,737.98
		(37,665.13)	(37,665.13)
	SECONDARY PREFERENTIAL CREDITORS		
	HMRC	1,122,249.88	1,122,249.88
		(1,122,249.88)	(1,122,249.88)
2,413,328.00		(385,843.97)	1,982,001.26
	REPRESENTED BY		
	Input VAT		56,314.92
	Floating Current Account		1,954,334.69
	Output VAT		(28,648.35)
			1,982,001.26

Note:

A first and final preferential dividend of 100p in the £ totalling £37,665.13 was declared on 24 November 2023.

HCT Group Operations Community Interest Company In Administration

Joint Administrators' progress report from
23 September 2023 to 22 March 2024

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Glossary of terms

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'BISI'	Big Issue Social Investments Limited
'ERA'	ERA Solutions Limited
'Gateley'	Gateley Plc
'GDPR'	The General Data Protection Regulation 2028 (EU)
'HMRC'	HM Revenue & Customs
'HSBC'	HSBC Bank Plc
'Joint Administrators' or 'we'	Mark Thornton and Neville Side
'net property'	Floating charge realisations after costs and payment of preferential and secondary preferential creditors in full
'Period'	23 September 2023 to 22 March 2024
'preferential creditors'	Claims for unpaid wages earned in the four months prior to Administration up to £800, holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from preferential creditors these will include secondary preferential creditors
'Prescribed Part'	Where a company has granted a floating charge after 15 September 2003, under Section 176A of the Act a proportion of the net property available to a QFCH is set aside for the unsecured creditors of that company
'Proposals'	The Joint Administrators' statement of proposals for achieving the purpose of the Administration
'QFCH'	Qualifying Floating Charge Holder
'Rules'	Insolvency (England and Wales) Rules 2016
'Sch.B1 to the Act'	Schedule B1 to the Act
'secondary preferential creditors'	Where a company enters into Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme
'secured creditors'	Creditors whose debt is secured, in accordance with Section 248 of the Act
'SEN'	Special Educational Needs
'SIA'	SIA Group Asset Ingenuity Limited

'Stagecoach'	East London Bus & Coach Company Limited
'TCRM'	TCRM Receivables
'the Board'	The Board of Trustees of HCT Group
'the Company'	HCT Group Operations Community Interest Company
'the Directors'	Directors of HCT Group Operations Community Interest Company
'the Group'	HCT Group and its subsidiaries (which includes the Company)
'the Lender Group'	Group of several lenders who have provided debt to the Group with BISI as security agent
'the Report'	Prepared in accordance with Rules 18.3 and 18.6 of the Rules
'unsecured creditors'	Creditors who are neither secured nor preferential

Key information

Background

The Company entered into Administration on 23 September 2022. The current Joint Administrators are Mark Thornton and Neville Side.

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company and without personal liability.

Purpose of the Report

This is the six month Report for the period from 23 September 2023 to 22 March 2024.

The main purpose of the Report is to provide you with an update on the progress of the Administration during the Period and to update you on the pursuit of the statutory purpose of the Administration.

The Report can be reviewed in conjunction with all other reports regarding this Administration, on the brportal.bdo.co.uk portal.

Return to creditors

The table below summarises the anticipated outcome for creditors, based on our current understanding of the case. Please note these figures may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors ¹	Uncertain	Uncertain
Preferential creditors ²	100p in the £	100p in the £
Secondary preferential creditors ³	100p in the £	100p in the £
Unsecured creditors ⁴	Uncertain	Uncertain

1. As previously reported, the Company is subject to three debentures in favour of BISI as Security Agent, created on 31 March 2015, 12 June 2018 and 24 June 2022. As at the date of the Joint Administrators' appointment, the Directors of the Company estimated that BISI were owed £8.889m pursuant to its fixed and floating charges.
2. On 24 November 2023, a first and final dividend of 100p in the £ was paid to preferential creditors.
3. On 19 January 2024, a first and final dividend of 100p in the £ was paid to HMRC in respect of its secondary preferential claim.
4. There are sufficient funds to enable a distribution to the QFCH and a return to unsecured creditors via the Prescribed Part only. However the timing and quantum of the distribution to unsecured creditors is uncertain.

What creditors need to do

If you haven't already provided the Joint Administrators with details of your claim, please do so at your earliest possible convenience using the proof of debt form at Appendix F.

We will be contacting the secured and preferential creditors to obtain consent to our revised Fees Estimate which is included within this Report for information purposes only.

If you have any queries regarding your claim or require any assistance completing the form, please contact Ben Wightman on 07551 415110.

Creditors' rights

An overview of the rights of creditors are detailed in Appendix B.

Contact details

Contact: Ben Wightman
Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Tel: 07551 415110
Email: BRCMTLondonandSouthEast@bdo.co.uk
Reference: 00419828

Progress in the period

Asset realisations

The receipts and payments account attached at Appendix C details the asset realisations during the Period.

Trade debtors

A further recovery of £1.5k was made during the Period bringing total recoveries to £99k against the total debtor book of £277k. As previously reported, the collection of the remaining debts was outsourced to TCRM who has now reported that there will be no further recoveries possible from the remaining ledger.

Interest gross

During the Period, a total of £20k has been received in relation to bank interest.

Deferred Consideration from pre-appointment sale transactions

As reported previously, the Company is entitled to deferred consideration from the London Red Bus transaction to Stagecoach in the amount of £760k which was payable by 26 February 2024.

The full recovery of deferred consideration was contingent upon any potential matters raised by Stagecoach (in line with the sale agreement) and the fulfilment of the post-completion obligations of the Company.

Accordingly, we engaged with Stagecoach to answer a significant number of initial queries on the sale and certain assets acquired. We were aware that these queries could give rise to a potential reduction in the deferred consideration.

As part of our risk mitigation strategy, we located, secured and reviewed information relating to the queries raised by Stagecoach to prepare to defend any warranty claim made against the deferred consideration.

Ultimately, no claims were made against the deferred consideration and payment of £760k was received in full on 26 February 2024, bringing this matter to a conclusion.

Local Government Pension Scheme ('LGPS')

As reported previously, the Company was the registered employer for three pension schemes included under the LGPS. The Company transferred a number of the SEN services to third parties on 26 August 2022 and ceased to be an employer under these schemes on that date.

At the time of my last report, we had received a Cessation Valuation in respect of London Borough of Hammersmith & Fulham Pension Fund ("H&FPF") which showed a surplus position of £173k and H&FPF had advised that there was no exit credit to be paid to the Company from the surplus position.

The Joint Administrators sought legal advice and wrote to the H&FPF to ask that they reconsider their position and we recently received a response to advise that their position is unchanged. We have confirmed with our solicitors that further challenges to this would not be in the interests of creditors based on costs/benefit analysis and the likelihood of a successful outcome.

Shortly after the period of my last report, we had received a valuation of the Wandsworth Council Pension Fund ("WCPF") which showed a surplus position, valued on an ongoing basis, of £556k. We were advised that the Company had entered into a pass-through agreement with the WCPF such that any surplus or deficit position would pass-through to the local authority council. We sought legal advice and the advice of our internal pensions specialists and have concluded that the position would be difficult to challenge with a low likelihood of success and therefore no further action will be taken.

Lastly, we received a Final Cessation Valuation on 22 December 2023 from London Borough of Waltham Forest Pension Fund which showed a surplus position of £33k and they advised that they would pay this to the Company as an exit credit. Our pension specialists considered the valuation report and queried the assumptions used for the valuation. Following receipt of satisfactory responses, we have confirmed that

this exit credit is agreed and are now awaiting confirmation of payment.

Once the above is received, there will be no further recoveries in this regard.

Intercompany debts

As previously reported, the Company's records indicate the book value of the intercompany debts owed to the Company total £11,938,350.

Whilst the Joint Administrators have not completed a reconciliation of these amounts, creditors should note that the majority of the entities within the Group are subject to formal insolvency processes, the outcome of which will determine the extent to which intercompany debts can be recovered.

Given the progress of the administration of the Company and other group entities, we expect to finalise the intercompany position shortly to facilitate intercompany distributions from related entities. We expect to receive a dividend from related entity HCT Group shortly.

Vehicle tax refunds

During the period, expired vehicle tax refund cheques totalling c£8,000 were re-directed from the Company's former premises. We are currently liaising with DVLA on the possibility of these cheques being re-issued and will include a further update within our next Report.

Investigations

As previously reported, the Joint Administrators have completed a review of the Company's affairs and assets to establish if there are any actions to investigate for the benefit of creditors. Based on investigations completed to date, the Joint Administrators have concluded there are no further actions to pursue.

Distributions to creditors

Secured creditors

BISI (as Security Agent)

BISI acts as Security Agent in respect of the Lender Group who have provided debt totalling c£10.4m to the Group. Upon Administration, the liability to the Lender Group was £8.889m.

We understand the Lender Group holds security and cross guarantees over the following Group entities:

- HCT Group Operations Community Interest Company (In Administration)
- HCT Group (In Administration)
- CT Plus (Yorkshire) Community Interest Company (In Administration)

The final level of liability secured against the assets of the Company is yet to be determined. This is subject to recoveries to the Lender Group from the other entities (also in administration) stated above.

Details of the security held by the Lender Group is as follows:

Charge Holder	Type of Security	Date of Creation	Date Registered
BISI (as Security Agent)	Fixed and floating charge	31 March 2015	31 March 2015
BISI (as Security Agent)	Fixed and floating charge	12 June 2018	26 June 2018
BISI (as Security Agent)	Fixed and floating charge	24 June 2022	28 June 2022

The recovery of the Company's assets that are subject to a floating charge will allow for a distribution to the QFCH. However, the quantum and timing are currently uncertain.

HSBC

HSBC holds two fixed and floating charges, created on 23 June 2015 and registered at Companies House on 26 June 2015, over all of the assets of the Company together with cross guarantees in respect of other entities in the Group. There was no balance outstanding to HSBC upon our appointment.

Preferential creditors

On 24 November 2023, a first and final dividend of 100p in the £ was paid to preferential creditors with claims totalling £37,665.

Secondary preferential creditors

As previously reported, the Company's records indicate that HMRC was owed c£1.8m in relation to unpaid PAYE and NIC as at the date of Administration.

HMRC submitted an amended claim of c£1.9m of which £1.12m ranks as a secondary preferential claim, following the work completed by the Joint Administrators to correct the company's pre-appointment tax position.

On 19 January 2024, a first and final dividend of 100p in the £ was paid in respect of the secondary preferential claim totalling £1,122,250.

Unsecured creditors

As detailed in previous reports, following the payment of the preferential and secondary preferential creditors in full, we anticipate that a distribution to unsecured creditors will be possible via the Prescribed Part.

The quantum and timing of the unsecured dividend via the Prescribed Part is currently uncertain.

Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as Joint Administrators in this Administration.

Pre-Administration costs

Approval was obtained from the secured creditor and preferential creditors on 31 May 2023 for the payment of the pre-Administration costs of £48,779, as detailed in the Proposals.

Pre-Administration costs of £48,779 have been drawn as shown on the enclosed receipts and payments account at Appendix C.

Joint Administrators' remuneration

During the Period, time costs of £73,265 (based on standard BDO hourly rates) were incurred over 226 hours at an average rate of £324 per hour. This equates to £53,891.15 at the discounted rates. No remuneration was drawn in the Period.

A detailed report of the time incurred by the Joint Administrators and a narrative of the work done during the Period is attached in Appendix D.

Joint Administrators' expenses

Expenses paid during the Period are detailed in the receipts and payments account at Appendix C.

A breakdown of expenses incurred is set out in Appendix E.

Future actions

Extension of the Administration

The Administration is due to end on 22 September 2024. We do not currently anticipate an extension of the administration to be required. However, if unforeseen complexities arise and we are required to extend the Administration approval will be sought by Court Order.

Joint Administrators' discharge from liability

Prior to closure, approval will be sought from the secured creditors and preferential creditors that the Joint Administrators be discharged from liability on the registration of the notice to move from Administration and the final progress report with the registrar of companies.

Remaining matters

The Joint Administrators will continue to:

- Conclude all remaining outstanding asset realisations.
 - Manage enquiries regarding the Company, along with liaising with creditors regarding their claims.
 - We will finalise post-appointment tax affairs, including submitting the relevant tax returns for the Administration period.
 - Distribute any surplus assets available to creditors in accordance with their priority.
 - At the conclusion of the Administration, the Company will move to dissolution.
-

Appendix A

Statutory information

Information

Company name	HCT Group Operations Community Interest Company
Company registration number	04137890
Registered office	c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Court name and reference	High Court of Justice - CR-2022-LDS-
Date of appointment	23 September 2022
Appointor	The Directors pursuant to Paragraph 22 of Sch.B1 to the Act
Joint Administrators	<p>Mark Thornton Neville Side</p> <p><i>Under the provisions of paragraph 100(2) of Sch.B1 to the Act the Joint Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or by both of them.</i></p> <p>Martha Thompson retired from BDO LLP and was removed as Joint Administrator by a Court Order on 5 July 2023.</p>
Joint Administrators' address	BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Data Control and GDPR	<p>Mark Thornton and Neville Side are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Administration of HCT Group Operations Community Interest Company. Please see the privacy statement at https://www.bdo.co.uk/en-gb/privacy-notice/insolvencies</p>

Appendix B

Creditors' rights

Within 21 days of receipt of the Report (1) a secured creditor, (2) an unsecured creditor with the concurrence of at least 5% in value (including the creditor in question) of the unsecured creditors; or (3) any unsecured creditor with the permission of the court, may request in writing that the Joint Administrators provide further information about their remuneration or expenses which are itemised in the Report.

Within 14 days of receipt of the request, the Joint Administrators must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive, or
- disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or

the Joint Administrators are subject to confidentiality obligations in respect of the information.

The Joint Administrators must give reasons for not providing all of the requested information.

Any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors may, within eight weeks of receipt of the Report, make an application to court that the basis fixed for the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred by the Joint Administrators, as set out in the Report, are excessive.

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Administrators' Fees' and information on the rights, duties and functions of a creditors' committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Administration. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

Appendix C

Receipts and payments account

HCT Group Operations Community Interest Company
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 23/09/2023 To 22/03/2024 £	From 23/09/2022 To 22/03/2024 £
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	COST OF REALISATIONS		
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<u>2,413,328.00</u>		<u>(385,843.97)</u>	<u>1,982,001.26</u>
	REPRESENTED BY		
	Input VAT		56,314.92
	Floating Current Account		1,954,334.69
	Output VAT		(28,648.35)
			<u>1,982,001.26</u>

Appendix D

Joint Administrators' remuneration

The Joint Administrators' remuneration has been approved on a time costs basis.

Time costs of £73,265 have been incurred during the Period and a breakdown is detailed below together with details of the work undertaken. This equates to £53,891.15 at discounted rates.

Activity	Partner	Director	Senior manager	Manager	Senior executive	Executive	Total hours	Time costs £	Av. Rate £
Planning and strategy	1.00		3.50	1.80	1.00	3.10	10.40	4,531.35	435.71
Statutory reporting and decisions	2.00		2.35	1.25	6.70	3.00	15.30	5,907.60	386.12
General administration	0.10	0.10	0.450	7.15	22.25	33.20	63.25	11,514.10	182.04
Assets	0.25		4.60	4.70	1.90	7.85	19.30	7,041.40	364.84
Investigations	1.15		1.35		1.35	0.15	4.00	2,299.45	574.86
Employees and pensions	0.55	3.00	12.55	2.65	3.00	1.65	23.40	13,225.60	565.20
Creditors	5.70		13.35	14.00	15.05	20.35	68.45	23,378.90	341.55
Post appointment taxation	0.50		2.50	1.75	6.65	10.40	21.80	5,366.55	246.17
TOTAL	11.25	3.10	40.65	33.30	57.90	79.70	225.90	73,264.95	324.31

Planning and strategy

- Case reviews
- Internal meetings and discussions
- Preparation and review of strategy documents including estimated outcome statements
- Preparation and review of updates to the Secured Creditor
- Strategy discussions for completion of outstanding tasks in the Administration

Statutory reporting and decisions

- Preparation of the fees and expenses estimate
- Preparation of the periodic progress reports
- Filing statutory documents at Companies House

General administration

- Ongoing maintenance and reconciliation of the Company bank account and other cashiering functions
- Dealing with queries from various creditors and other stakeholders
- Monitoring incoming mails and emails
- Ongoing maintenance of case files and case diary

- Preparation of periodic internal case reviews
- General ad-hoc matters not categorised elsewhere

Assets

- Review and pursuit of the Company's debtor ledger and subsequent referral to TCRM
- Investigations into any surplus exit credits available to the Company from the Local Government Pension Schemes
- Engaging with Stagecoach solicitors to agree and receive the deferred consideration

Investigations

- Review and consideration of the matters identified in the submitted director disqualification report provided to the Department for Business, Energy and Industrial Strategy and any change following further investigations

Employees and pensions

- Liaising with ERA regarding employment claims related matters and collation of information to finalise and submit the claim for pension arrears
- Dealing with employee tribunals and related issues

Creditors

- Liaising with secured creditors
- Processing of creditors' claim forms and entering onto IPS
- Identifying whether additional supporting evidence is required
- Dealing with creditor enquiries
- Notification of the intention to declare a dividend
- Agreement of preferential creditors' claims
- Agreement of secondary preferential claim
- Agreement of unsecured creditors' claims
- Calculation, declaration and payment of a preferential dividend
- Calculation, declaration and payment of a secondary preferential dividend

Post appointment taxation

- Preparation of corporation tax returns
 - Liaising internally with our VAT team to ensure that we can now disband the VAT Group
-

The current charge out rates per hour of staff within the firm who may be involved in working on the Administration are as follows:

Grade	Standard Rates £	Discounted Rates £
Partner	745 - 869	470
Director	417-834	384-470
Senior Manager	347-694	329
Manager	190-507	150-329
Senior Executive	152-354	120-279
Executive	93-186	73-147
BDO LLP tax department (max)	1,304	1,208

Cumulative time incurred to fees estimate comparison

Total time costs £501,293 have been incurred over the course of the Administration to 22 March 2024 as detailed below. This equates to £332,830.55 at discounted rates.

Activity	Estimated			Total Incurred			Total Incurred - Discounted Rates		
	Hours	Average rate £	Time costs £	Hours	Average rate £	Time costs £	Hours	Average rate £	Time costs
Steps on appointment	93.10	260.40	24,243.45	110.75	285.42	31,610.30	110.75	230.32	25,508.40
Planning and strategy	75.20	331.70	24,943.50	109.90	493.15	54,197.05	109.90	295.67	32,494.60
Statutory reporting and decisions	149.45	290.36	43,394.10	159.25	461.10	73,430.55	159.25	282.38	44,969.80
General administration	130.85	211.46	27,669.05	237.75	241.89	57,508.25	237.75	198.25	47,132.90
Assets	185.00	315.02	58,278.15	226.70	455.64	103,293.85	226.70	264.09	59,868.35
Investigations	45.65	283.72	12,951.85	81.55	364.99	29,764.80	81.55	213.56	17,416.15
Employees and pensions	77.10	280.03	21,590.00	118.60	472.86	56,081.50	118.60	284.90	33,788.65
Creditors	72.05	207.27	14,933.80	175.95	297.77	52,392.05	175.95	234.43	41,247.70
Post appointment taxation	22.75	317.64	7,226.35	70.20	606.36	42,566.45	70.20	284.44	19,967.40
Closure	31.00	246.68	7,647.00	1.70	263.65	448.20	1.70	256.82	436.60
TOTAL	882.15	275.32	242,877.25	1,292.35	387.89	501,293.00	1,292.35	256.82	332,830.55

The Joint Administrators have exceeded their fees estimate of £242,877.25. This is primarily due to:

- The Joint Administrators engaging with Stagecoach and preparing to defend any claims against the deferred consideration, leading to a full recovery.
- Employees and pensions time has exceeded the revised fees estimated due to the significant surplus positions of the LGPS pension schemes which have required specialist internal advice from our pensions team and liaising with our external solicitors.
- Post appointment taxation time has exceeded the fees estimate due to the Joint Administrators looking to agree the VAT Group. The Joint Administrators worked with HMRC to restructure the VAT Group to ensure the best return to the estate is achieved. This has been partly confirmed by HMRC and we continue to work with them in this regard.
- Prior to appointment, the Company operated SEN services for children and adults with special education needs or particular vulnerabilities for getting to school or care under contracts with four local authorities. The Company facilitated the transfers of these services, however, these transfers were undocumented by the Company and included transfers of leases, employees, assets and the transfer of 140 vehicles. We engaged with these providers to ensure that these matters were dealt with as quickly as possible to ensure continuation of service. The extent of work required was more than initially anticipated given the absence of documentation associated with the transfers./
- Delays in completing investigations and realising assets for the benefit of creditors due to the inaccessibility of the Company's records.

A revised fees estimate is attached in Appendix G.

The Joint Administrators have drawn remuneration of £190,000.

Appendix E

Joint Administrators' expenses

The Joint Administrators' expenses incurred and paid are detailed below.

	Estimated £	Incurred in Period 23/09/2023 to 22/03/2024 £	Total Incurred 23/09/2022 to 22/03/2024 £	Total Paid 23/09/2022 to 22/03/2024 £
Category 1				
Debt Collection Costs	-	203.72	203.72	203.72
Pre-appointment expenses	-	-	4,046.10	4,046.10
Pre-Administration Costs	-	-	48,779.00	48,779.00
Destruction of files ¹	-	1,150.00	1,150.00	1,150.00
Agents' Fees & Expenses - SIA	1,753		1,753.75	1,753.75
Agents' Fees & Expenses - ERA ²	1,780	920.00	2,220.00	2,220.00
Agents' Fees & Expenses - CAPA	6,540		292.75	292.75
Agents' Fees & Expenses - TCRM	350		195.00	95.00
Legal Fees & Expenses ³	50,000.00	5,539.00	33,393.00	33,393.00
Data Protection Fee	80.00	40.00	80.00	80.00
Statutory Advertising	184.00	-	95.00	95.00
Bonding	200.00	-	133.00	133.00
Printing & Postage	800.00	-	598.00	598.00

Category 2

- Restore Datashred has been paid £1,150 in the period in respect of the secure destruction of historic company records that were held at Big Yellow Storage Facility.
- ERA have been paid £920 during the period and have been instructed to:
 - Assist in dealing with pre-appointment tribunal cases and assisting on post appointment cases;
 - Provide dividend calculations;
 - Finalise the pensions claim to bring pension arrears up to date
- Gateley have been paid £5,539 during the period and have been instructed to undertake the following work:
 - Advise on the deferred consideration with from the pre-appointment transaction to Stagecoach.
 - Pension advice in relation to the LGPS schemes and responses received regarding nonpayment of an exit credit.
 - Other ad-hoc legal advice as required.

The other expenses shown are self-explanatory.

Appendix F

Proof of debt form

Proof of debt form

HCT Group Operations Community Interest Company - In Administration ('the Company')

Company registration number: 04137890

Date the Company entered Administration: 23 September 2022

Name of Creditor

(If a company please also give company registration number and where registered)

Address of Creditor

including email address for correspondence

Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the Company entered Administration. £

Note: Any trade or other discounts (except discount for immediate or early settlement) which would have been available to the Company but for the insolvency proceedings should be deducted from the above claim where relevant. Where any payment is made in relation to the claim or set-off applied after date of Administration, this should be deducted.

If amount in 3 above includes outstanding uncapitalised interest please state amount. £

Particulars of how and when debt incurred

(If you need more space append a continuation sheet to this form).

Particulars of any security held, the value of the security, and the date it was given.

Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.

Details of attached documents by reference to which the debt can be substantiated.

Signature of creditor

or person authorised to act on his behalf

Name (BLOCK CAPITALS)

Dated

Position with or in relation to creditor

Address of person signing

(if different from 2 above)

Please complete and return this form to Ben Wightman, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or by email to BRCMTLondonandSouthEast@bdo.co.uk.

Appendix G

Revised fees estimate

The Joint Administrators' revised fees estimate, totalling £338,435.15 (applying discounted rates) is detailed below together with details of the additional work undertaken or is proposed to be undertaken.

	Previous fees estimate			Additional time			Revised fees estimate			
	Total hours	Average rate £	Time costs £	Total hours	Average rate £	Time costs £	Total hours	Average rate £	Time costs £	£
Steps on appointment	93.10	260.40	24,243.45	17.70	71.47	1,264.95	110.80	230.22	25,508.40	
Planning and strategy	75.20	331.70	24,943.50	29.75	206.48	6,142.80	104.95	296.2	31,086.30	
Statutory reporting and decisions	149.45	290.36	43,394.10	35.30	235.49	8,312.70	184.75	279.87	51,706.80	
General administration	130.85	211.46	27,669.05	127.15	198.71	25,266.60	258.00	205.18	52,935.65	
Asset realisation/dealing	185.00	315.02	58,278.15	44.55	49.41	2,201.25	229.55	263.47	60,479.40	
Trading related matters	-	-	-							
Investigations	45.65	283.72	12,951.85	35.90	124.35	4,464.30	81.55	213.56	17,416.15	
Employees and pensions	77.10	280.03	21,590.00	41.85	292.34	12,234.30	118.95	284.36	33,824.30	
Creditors	72.05	207.27	14,933.80	94.80	245.60	23,282.75	166.85	229.05	38,216.55	
Post appointment taxation	22.75	317.64	7,226.35	47.70	274.34	13,086.05	70.45	288.32	20,312.40	
Closure	31.00	246.68	7,647.00				31.00	302.80	7,647.00	
TOTAL	882.15	275.32	242,877.25	466.85	204.69	95,557.90	1,349.00	250.88	338,435.15	

As explained earlier in this report, the Joint Administrators' time has exceeded the fees estimate for the below key reasons;

- The Joint Administrators engaging with Stagecoach and preparing to defend any claims against the deferred consideration, leading to a full recovery.
- Employees and pensions time has exceeded the revised fees estimated due to the significant surplus positions of the LGPS pension schemes which have required specialist internal advice from our pensions team and liaising with our external solicitors.
- Post appointment taxation time has exceeded the fees estimate due to the Joint Administrators looking to agree the VAT Group. The Joint Administrators worked with HMRC to restructure the VAT Group to ensure the best return to the estate is achieved. This has been partly confirmed by HMRC and we continue to work with them in this regard.
- Prior to appointment, the Company operated SEN services for children and adults with special education needs or particular vulnerabilities to get to school or care under contracts with four local authorities. The Company facilitated the transfers of these services, however, these transfers were undocumented by the Company and included transfers of leases, employees, assets and the transfer of 140 vehicles. We engaged with these providers to ensure that these matters were dealt with as quickly as possible to ensure continuation of service. The extent of work required was more than initially anticipated given the absence of documentation associated with the transfers.

- Delays in completing investigations and realising assets for the benefit of creditors due to the inaccessibility of the Company's records.

In addition, I have set out below the residual matters to be concluded;

General administration

- Ongoing maintenance and reconciliation of the Company bank account and other cashiering functions
- Finalising the VAT position of the Company and HCT Group and filing any remaining returns

Asset realisation/dealing

- Receiving the remaining funds from the LGPS funds to conclude this matter
- Finalise any remaining outstanding asset realisations, including receiving the DVLA cheques.

Employee matters

- Concluding any Employment Tribunal claims
- Liaising with ERA to agree unsecured claims of employees
- Receiving the revised employee claims relating to pension payments

Creditors' claims

- Agreeing and paying a distribution to unsecured creditors
- Agreeing and paying a distribution to the secured creditors

Post appointment taxation

- Finalising the Administration returns in respect of corporation tax

The current charge out rates are detailed in Appendix D.

Approval for the Joint Administrators' remuneration be fixed on time costs in accordance with the revised fees estimate will be sought from the secured creditor(s). In addition, approval is required from preferential creditors which will be sought by a decision by correspondence.

It is not anticipated that it will be necessary to seek approval for a further increase in the fees estimate.
