

The Insolvency Act 1986

Administrator's progress report

Name of Company

Cargo-D Limited

Company number

05700025

In the
Birmingham District Registry

(full name of court)

Court case number
8504 of 2011(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Alexander Kinninmonth
RSM Tenon Recovery
Highfield Court, Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TZCarl Stuart Jackson
RSM Tenon Recovery
Highfield Court, Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TZ

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

From

To

(b) Insert date

(b) 12/10/2011

(b) 11/04/2012

Signed

Alexander Kinninmonth
Joint / Administrator(s)

Dated

*9/5/12***Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

Alexander Kinninmonth
RSM Tenon Recovery
Highfield Court, Tollgate
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SATURDAY



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19/05/2012

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COMPANIES HOUSE

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

Cargo-D Limited (“the Company”) – In Administration

**Joint Administrators’ First Progress Report
for the period from 12 October 2011 to 11 April 2012**

Issued on: 9 May 2012

Alexander Kinninmonth and Carl Stuart Jackson of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the administration of the Company for the period from 12 October 2011 to 11 April 2012

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix I**

2. Joint Administrators' Receipts and Payments Account

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 12 October 2011 to 11 April 2012 is attached at **Appendix II**

3 Action Taken by the Joint Administrators since Appointment

As no meeting of creditors was requisitioned I can confirm that creditors have been deemed to approve the Administrators' proposals previously circulated on 30 November 2011

Following my appointment an initial review of the Company showed that continued trading was not a viable option as there were no funds with which to operate the business and significant costs would be incurred if such a business were to trade in administration

As a result, the Company ceased trading on 12 October 2011 and regrettably I had to make the employees redundant on that date. Since then I have taken steps to secure, manage and realise the Company's assets as follows

Carriages

I instructed independent agents, SIA Group UK Limited ("SIA"), to carry out a valuation of the Company's assets and advise on the marketing of the business and assets. The Directors of the Company provided a list of potential interested parties which SIA contacted together with various other parties within the industry in an attempt to identify any potential purchasers

The marketing strategy undertaken by my agents has proved successful and all carriages have now been sold following a competitive bidding process. To the date of this report aggregate consideration of £734,606 has been received by the Joint Administrators and the balance of £17,006 plus VAT is currently being held by my agents

Consideration of £23,100 was received by SIA in respect of a carriage over which Eddie Stobart Limited held retention of title. Accordingly this sum was paid to Eddie Stobart Limited and is not included within the receipts and payments account appended to this report

Motor Vehicles

The Company owned a van was sold at auction for £850 plus VAT, the balance of which is currently being held by my agents

Stock

The company held a stock of spare parts that were marketed for sale alongside the train carriages. Despite numerous expressions of interest no buyer was forthcoming. We understand that potential purchasers were concerned by the liability for removing and disposing of a large quantity of redundant stock items. Subsequent to the period covered by this report the stock of spare parts was sold to the landlord for the nominal sum of £1 so as to avoid further accrual of storage or disposal costs

Storage costs

Storage of costs of £19,326 54 have been paid during the period, with a further £2,147 13 paid subsequently. Costs relating to the storage and transportation of certain carriages remain to be agreed and settled.

Connected parties

I am not aware of any assets having been sold to connected parties.

Investigations

Preliminary investigations of the Company books and records have been undertaken. No matters have been identified that indicate further investigations are likely to be of benefit to creditors. There are no outstanding lines of enquiry.

Administrators have a duty to submit confidential reports to the Insolvency Service on the conduct of those persons who acted as directors of the Company in the three year period before the administration. These have been completed.

4. Future Actions of the Joint Administrators

There is the possibility of a VAT refund of less than £20,000 which I am pursuing. There are no other asset realisations anticipated.

At the time of writing this report our agent is holding £17,856 plus VAT in respect of carriages sold. I am awaiting a final account from our agent at which point I will be in a position to agree and settle agents' fees.

Costs relating to the storage and transportation of certain carriages remain to be agreed and settled.

It is proposed that the Joint Administrators will take steps to move the Company into dissolution once these matters are resolved.

5. Liabilities and dividends

Fixed charge creditors

The Company has granted the following security:

Debenture dated 8 June 2007 in favour of State Securities Plc
Legal charge dated 8 June 2007 in favour of State Securities Plc
Legal charges dated 1 November 2007 in favour of State Securities Plc
Legal charge dated 13 March 2008 in favour of State Securities Plc
Legal charges dated 13 October 2008 in favour of State Securities Plc
Legal charge dated 11 December 2008 in favour of State Securities Plc
Debenture dated 2 July 2009 in favour of HSBC Bank Plc
Legal charge dated 8 March 2011 in favour of Close Asset Finance Limited

Payments in full and final settlement of amounts due to creditors secured via legal charges (chattel mortgages in respect of individual train carriages) have been made as follows:

- State Securities Plc ("State") – £550,644 61
- Close Asset Finance Limited ("Close") – £69,124 00

Preferential creditors

Preferential creditors amounting to £4,044 28 have been paid in full via payments amounting to £3,758 77 during the period and £285 51 thereafter

Floating charge creditors

The amount payable to HSBC Bank Plc ("HSBC") under the terms of its floating charge is uncertain at this stage

Unsecured creditors

As advised in my proposals report there is no prospect of a dividend to unsecured creditors

Prescribed part provisions

There are provisions in the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company granted a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the preferential creditors and costs and expenses of the administration, but before paying the lender who holds a floating charge. An Administrator has to set aside

- > 50% of the first £10,000 of the net property plus
- > 20% of the remaining net property up to a maximum prescribed part of £600,000

The Company granted a floating charge to State Securities Plc on 8 June 2007 and 2 July 2009 in favour of HSBC Bank Plc and the prescribed part provisions will apply. If the net property is less than £10,000, the Joint Administrators are not required to set aside a prescribed part fund. Based upon current estimates it is unlikely that the net property will exceed £10,000 and as such there is unlikely to be a 'prescribed part' dividend payable to unsecured creditors.

6. Joint Administrators' Remuneration, Disbursements and Expenses

Basis of remuneration and disbursements

The basis, quantum and timing of the Joint Administrators' remuneration and disbursements incurred in relation to realising the Company's fixed assets comprising train carriages, which are subject to the fixed charge security of State and Close, has been approved by them.

The Joint Administrators' remuneration and disbursements concerning assets secured via floating charge will fall to be approved by the secured creditor, being HSBC, and 50% of the preferential creditors.

Remuneration charged and drawn in the period

The Joint Administrators' time costs were charged (exc VAT) as follows

	Incurred	Paid
For this period from appointment 12 October 2011 to 12 April 2012	£104,598 50	£64,000 00

In accordance with Statement of Insolvency Practice 9 attached at **Appendix III** is a breakdown of these time costs

Since the end of this period to the date of this report, further time costs have been incurred of £3,788 representing

15 hours and £nil has been drawn

Disbursements incurred and drawn

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below. Details are in the attached **Appendix III**.

No category 2 disbursements have been charged nor will be recovered in this matter

Expenses (professional advisors) charged and drawn in the period

The following professional advisors have been instructed in this matter

<i>Professional Advisor</i>	<i>Nature of Work</i>	<i>Fee Arrangement</i>
SIA Group UK Limited	Chattel Agents valuation and sale of carriages, stock etc	Fixed fee
Clarke Willmott	Appointment, leins / retention of title and general advice	Time costs

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

Pre-administration costs

The Joint Administrators' pre-appointment time costs totals £4,743.65 and relates to costs incurred specifically with a view to Administration. These costs were all incurred on or after 10 October 2011 and in relation to the following activities:

- Confirming that one of the statutory objectives of administration could be achieved,
- Liaising with secured creditors,
- Carrying out all necessary steps in order to place the Company into Administration

The agreement under which we incurred the pre-Administration costs was oral instructions received from State Securities Plc on 10 October 2011

The Joint Administrators have not yet recovered any of their pre-Administration costs

Creditors' Guide to Fees and Statement of Creditors' Rights

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses. Time limits apply. Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenon.com/creditorguides>. Alternatively a copy is available free of charge upon request from the address above.

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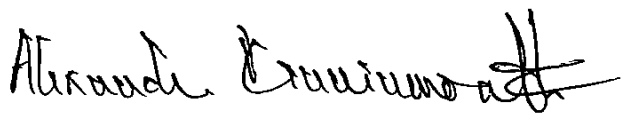
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7. End of Administration

As outlined in the initial report to creditors it is the Joint Administrators intention to exit the administration by dissolution. It is envisaged that the Company will proceed to dissolution on shortly.

The Joint Administrators will seek the agreement of the Secured creditors that upon the Company proceeding into dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following the Company filing the notice of moving from administration to dissolution.

A handwritten signature in black ink, appearing to read 'Alexander Kinninmonth', with a stylized flourish at the end.

Alexander Kinninmonth

Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants

The affairs, business and property of the Company are being managed by the Administrators

Appendix I

Company information

Company name	Cargo-D Limited
Trading name	Rail-Blue Charters
Company number	05700025
Date of incorporation	7 February 2006
Trading address	32 Sydney Road, Haywards Heath, West Sussex, RH16 1QA
Current registered office	Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TZ
Former registered office	Victoria House, Stapleford Lane, Stapleford, Haywards Heath, West Sussex, RH17 6AS
Principal trading activity	Transport via railways

Appointment details

Joint Administrators' name and address	Alexander Kinninmonth of RSM Tenon Recovery, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TZ and Carl Stuart Jackson of RSM Tenon Recovery Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TZ
Date of appointment	12 October 2011
Court name and reference	Birmingham District Registry No 8504 of 2011
Appointment made by	State Securities Plc
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

Cargo-D Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 12/10/2011 To 11/04/2012	From 12/10/2011 To 11/04/2012
701,422 00	SECURED ASSETS		
	Carriages - State Securities Plc	605,582 00	605,582 00
		<u>605,582 00</u>	<u>605,582 00</u>
	COSTS OF REALISATION		
	Administrator Fee - State Fxd Chg Ass	55,000 00	55,000 00
	Legal Fees	3,437 50	3,437 50
	Storage & Transport Costs	19,326 54	19,326 54
	Adminstrator Fee - Close Fxd Chg Ass	9,000 00	9,000 00
		<u>(86,764 04)</u>	<u>(86,764 04)</u>
(550,000 00)	SECURED CREDITORS		
	State Securities Plc	550,644 61	550,644 61
		<u>(550,644 61)</u>	<u>(550,644 61)</u>
83,328 00	HIRE PURCHASE		
(70,961 00)	Carriages - Close Asset Finance Ltd	105,274 00	105,274 00
	Close Asset Finance Ltd	(69,124 00)	(69,124 00)
		<u>36,150 00</u>	<u>36,150 00</u>
32,200 00	ASSET REALISATIONS		
1,000 00	Carriages - Unencumbered	23,750 00	23,750 00
7,500 00	Motor Vehicles	NIL	NIL
1,830 00	Stock	NIL	NIL
	Book Debts	NIL	NIL
	Bank Interest Gross	43 06	43 06
	Miscellaneous Refund	216 07	216 07
		<u>24,009 13</u>	<u>24,009 13</u>
	COST OF REALISATIONS		
	Agents/Valuers Fees	10,000 00	10,000 00
	Legal Fees	1,237 50	1,237 50
	Insurance of Assets	4,823 00	4,823 00
	Bank Charges	138 00	138 00
		<u>(16,198 50)</u>	<u>(16,198 50)</u>
(3,788 00)	PREFERENTIAL CREDITORS		
	Employee Arrears/Hol Pay	3,758 77	3,758 77
		<u>(3,758 77)</u>	<u>(3,758 77)</u>
(40,414 00)	FLOATING CHARGE CREDITORS		
	Floating Charge Creditor - HSBC	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(733,762 50)	UNSECURED CREDITORS		
(406,692 00)	Trade & Expense Creditors	NIL	NIL
(158,145 00)	Directors	NIL	NIL
(77,431 00)	Customers	NIL	NIL
	Intercompany Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(40 00)	DISTRIBUTIONS		
	Ordinary Shareholders	NIL	NIL

Cargo-D Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 12/10/2011 To 11/04/2012	From 12/10/2011 To 11/04/2012
	NIL	NIL
(1,213,953.50)	8,375.21	8,375.21
REPRESENTED BY		
Vat Receivable		3,215 71
Interest Bearing Current Account		11,123 50
Vat Payable		(5,964 00)
		8,375.21

Note

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

Appendix III

Cargo-D Limited

Information relating to the Joint Administrators' Fees and Expenses

1. Explanation of Administrators' charging and disbursement recovery policies

1.1. Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are

	Rate since 12 April 2011 £
Director and Associate Director	340 – 450
Senior Manager, Manager and Supervisor	205 – 310
Other Senior Professionals	150 – 170
Support and Administration Staff	95 – 105

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case, (including business mileage up to HMRC approved rate for cases commenced before 1 November 2011). Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, all business mileage (for cases commencing on or after 1 November 2011), internal room hire and internal storage.

Category 1 disbursements

	Incurred £	Paid £
Mileage	90 45	0 00
Total	90 45	0 00

Category 2 disbursements

	Incurred £	Paid £
Stationery	108 90	0 00
Room hire	90 00	0 00
Total	198 90	0 00

The above costs exclude VAT

Category		Basis
Stationery	4p, 3p, 35p	Per envelope, letterhead, label
Photocopying	5p	Per page
Faxes	50p	Per page
Storage	£7 20	Per box, per year
Room Hire	£100	Fixed charge

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

2. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

2.1. Pre-appointment

Full details of our pre-appointment costs are set out separately in **Appendix V**

2.2. Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts

Staff of different levels are involved in the above activities depending upon the experience required

2.3. Investigations

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

2.4. Realisation of Assets

Please refer to the main body of the report for specific information regarding the assets realised to date

Staff have been chosen depending upon the appropriate level of experience required for the activity they are required to undertake. The sale of the assets is particularly complex and requires extensive involvement of the Administrators and senior staff

2.5. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Recording creditor claims,
- > Reporting to creditors,
- > Reviewing and evaluating creditor claims'
- > Dealing with creditor queries

3. Time and charge-out summary

To date a total of 373.00 hours have been spent at an average charge out rate of £280.42 bringing the total cost to date to £104,598.50

A summary table is shown on the next page. The costs exclude VAT

SIP9 Summary

RSM Tenon

7740072 Cargo-D limited

Corp Administration/post appt

12/10/2011 to 11/04/2012

SIP9 Subcategory	Director and Associate Director	Manager	Other Senior Professional	Assistant and Support Staff	Total Hours	Charge	Cost
Administration and planning	27 20	10 40	50 00	9 60	97 20	25,655 00	263 94
Creditors	6 20	15 70	84 60	30 00	136 50	31,637 00	231 77
Investigations	1 20	0 10	2 60	0 00	3 90	961 50	246 54
Realisation of assets	105 50	8 60	21 30	0 00	135 40	46,345 00	342 28
Trading	0 00	0 00	0 00	0 00	0 00	0 00	NaN
Hours	140 10	34 80	158 50	39 60	373 00		
Charge	50,363 50	10,770 00	38,974 00	4,491 00		104,598 50	

4. Professional advisors and expenses

The Joint Administrators have incurred administration expenses in connection with the instruction of the following parties

Name & Activity	Incurred £	This period	
		Paid £	
SIA Group UK Limited – Chattel Agents valuation and sale of carriages, stock etc	25,000 00	10,000 00	
Clarke Willmott – Appointment, leins / retention of title and general advice	4,675 00	4,675 00	
Total	29,675.00	14,675 00	

The above costs exclude VAT