

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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23/11/2017

#391

COMPANIES HOUSE

1 Company details

Company number 0 8 3 9 5 0 4 0
Company name in full Vehicle Trading Group Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Jason
Surname Bell

3 Administrator's address

Building name/number 4 Hardman Square
Street Spinningfields
Post town Manchester
County/Region
Postcode M 3 3 E B
Country

4 Administrator's name ①

Full forename(s) Eddie
Surname Williams

① Other administrator
Use this section to tell us about
another administrator.


5 Administrator's address ②

Building name/number Colmore Building
Street Colmore Circus
Post town Birmingham
County/Region
Postcode B 4 6 A T
Country

② Other administrator
Use this section to tell us about
another administrator.

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Notice of administrator's progress report

6	Period of progress report																	
From date	^d	0	^d	2	^m	0	^m	5	^y	2	^y	0	^y	1	^y	7		
To date	^d	0	^d	1	^m	1	^m	1	^y	2	^y	0	^y	1	^y	7		
7	Progress report																	
<input checked="" type="checkbox"/> I attach a copy of the progress report																		
8	Sign and date																	
Administrator's signature	Signature																	
	X 												X					
Signature date	^d	2	^d	2	^m	1	^m	1	^y	2	^y	0	^y	1	^y	7		

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Notice of administrator's progress report



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 **Jason Bell**

Company name **Grant Thornton UK LLP**

Address **4 Hardman Square**

Spinningfields

Post town **Manchester**

County/Region

Postcode **M 3 3 E B**

Country

DX

Telephone **Tel/Fax**



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

Our Ref JMB/ZLC/BLA/EZF/V20597013/
Your Ref

To the creditors

22 November 2017

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

T +44 (0)161 953 6900
F +44 (0)161 953 6317
grantthornton.co.uk

Vehicle Trading Group Limited - In Administration (the Company)
High Court of Justice, Chancery Division,
Birmingham District Registry
No 8127 of 2017

1 Introduction

1.1 Following my appointment as joint administrator of the above company with Eddie Williams by the directors on 2 May 2017, I now report on the progress of the administration to **1 November 2017** and attach:

- Appendix A, an account of our receipts and payments for the period from **2 May 2017** to **1 November 2017**
- Appendix B, a statement of the remuneration charged by the joint administrators in the period **2 May 2017** to **1 November 2017** and a statement of expenses incurred in the period
- Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator (rule 18.9)
- Appendix E, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (rule 18.34)

1.2 I am authorised by the Insolvency Practitioners Association and Eddie Williams is authorised by The Institute of Chartered Accountants In England and Wales to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG.

A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address. Please see grantthornton.co.uk for further details.

2 Statutory information

2.1 The Company's statutory details are as follows:

Registered number 08395040

Registered office 4 Hardman Square, Spinningfields, Manchester, M3 3EB

3 Receipts and payments account

3.1 I attach my receipts and payments account to 1 November 2017 at Appendix A. You will note that, at this stage, no amounts have been paid to unsecured creditors by virtue of the application of Section 176A of the Insolvency Act 1986 (prescribed part).

4 Report and outcome of the administration

4.1 For a full understanding of events during the course of the administration, the report should be read in conjunction with the joint administrators' statement of proposals dated 17 May 2017.

5 Progress report

Asset Realisations

Shares in Subsidiaries

5.1 The Company was the shareholder of two subsidiaries, Vehicle Credit Limited (VCL) and Vehicle Stocking Limited (VSL). The share capital of these entities was sold to RateSetter Motor Limited (RML) for £1 each on 2 May 2017, as part of a wider transaction to sell certain assets of the Company, resulting in the rescue of VCL and VSL businesses. The full details of the transaction that occurred on 2 May 2017 is noted in my statement of proposals and SIP16 report.

Motor Vehicles

5.2 As previously reported, the Company owned a Volkswagen Golf that was being utilised by VCL, prior to the sale of its share capital. According to the director's statement of affairs, this vehicle had a book value of £8,788. We obtained a valuation through an online valuation website and the vehicle was sold to VCL for £9,025.

Book debts

5.3 The Company's financial statements included a number of debtors in respect of third party loans, which did not arise in the normal course of business. These debtors had an original value of c.£5.9 million, but the management accounts included a significant number of provisions against these debtors, a number of whom are also insolvent.

5.4 I have contacted all debtors, which has resulted in realisations of £2,232 to date. Negotiations with certain debtors remain ongoing and the level of recoveries remains uncertain.

5.5 Certain debts have been personally guaranteed by former directors of the Company and I am seeking repayment of these debts.

Inter-company debts

- 5.6 As part of the sale to RML, inter-company debts due from VCL and VSL were purchased for £599,999 in each entity. To date, £599,999 has been received from RML and the second instalment is due to be paid once I issue a notice of intended dividend to unsecured creditors.
- 5.7 The third subsidiary, ClickCarCredit, was placed into administration prior to my appointment to VTG and the recoveries therefrom remain uncertain.

Cash at Bank

- 5.8 According to the director's statement of affairs, the Company had cash at bank of £198,522 at the date of administration. I contacted the Company's pre-administration bank requesting the funds be transferred and for the account to be closed.
- 5.9 The cash at bank at the date of administration was £195,707. This has now been received in full and the pre-appointment account has been closed. Petty cash of £52 has also been collected from the Company's former trading premises.

Freehold property/Rent

- 5.10 The Company owns a freehold property at Mandervell Road, Oadby that was not used in the ordinary course of business, but was rented to a third party. The tenant in-situ is paying rent of £1,250 per month.
- 5.11 Various options to dispose of the property have been explored and my agents, Colliers International, have provided a valuation and ongoing advice in respect of the sales strategy.
- 5.12 I have received an offer to purchase the property from the tenant, which is currently under consideration. Rent collections are ongoing and to date, I have collected rent of £7,500 with the tenant currently 2 months in arrears, which I continue to pursue.

Other assets

- 5.13 The director's statement of affairs noted other assets of a nominal value including fixtures and fittings in the Oadby property and prepayments made by the Company. I have investigated these other assets and no realisations are likely.

Payments

- 5.14 In accordance with the informal tenancy arrangement, the property holding costs are payable from the administration estate. To date, payments totalling £1,066 have been made in respect of property rates and will be paid until the property is sold.
- 5.15 Statutory advertising costs of £70 have been incurred and paid in respect of an advert notifying creditors of the administration appointment.

6 Proposals for achieving the objective of the administration

- 6.1 The joint administrators will continue to pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

- 6.2 The objective will be achieved through the transaction that occurred on 2 May 2017 and by realising the remaining assets of the Company, as set out above.

7 Outcome for creditors

Secured creditors

- 7.1 RateSetter Money Market Limited (RMML) has fixed and floating charges under its debenture dated 18 December 2014, as amended and restated on 27 October 2015, 28 January 2016 and 5 April 2016.
- 7.2 At the date of administration, RMML had indebtedness of c.£38.5 million. As part of the transaction on 2 May 2017, the amount due from the Company was reduced to £1.5 million.
- 7.3 To date, RMML has received a distribution of £600,000 under the terms of its fixed and floating charges.

Preferential creditors

- 7.4 The former directors confirmed the Company had no employees as at 2 May 2017. As such, I am not aware of any preferential creditors and have not received any preferential creditor claims.

Prescribed part - Unsecured creditors

- 7.5 In accordance with section 176A of the Insolvency Act 1986, 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.
- 7.6 As distributions will be made to RMML in accordance with its floating charge, a prescribed part dividend will be payable to unsecured creditors. Based on the net realisations to date (before accrued costs), I calculate the prescribed part is currently c£130,000, which will increase following the second instalment of £600,000 due from RML and other asset realisations.
- 7.7 The director's statement of affairs detailed 32 unsecured creditors with indebtedness totalling £10,256,783. A claim form has been attached to this report and should you wish to make a claim, please complete and return the form to this office in order for your claim to rank in the administration.

8 Pre-administration costs

- 8.1 The basis of the joint administrators' pre-administration remuneration has been fixed by reference to time costs.
- 8.2 As the Company has insufficient property to enable any distribution to unsecured creditors, other than virtue of s176A of the Insolvency Act 1986, approval to draw pre-appointment time costs was sought from the secured creditor, which has been approved.

- 8.3 The time costs incurred prior to the appointment in respect of the administration are £113,391. This time can be analysed as follows:

	£
Partner	10,890
Director	30,785
Tax Director/Associate Director	33,518
Associate Director	33,540
Manager	-
Assistant Manager	4,658
Executive/Associate	-
Total Time Cost	113,391
Total Hours	243
Average Rate	466

- 8.4 To date, I have drawn remuneration of £63,391 in respect of pre-appointment time costs and a further £50,000 remains unpaid. In addition to the above costs, the following pre-administration disbursements were also incurred, but have not yet been paid:

	£
Mileage	250
Parking	32
Subsistence	18
Total	300

- 8.5 A full breakdown of the work undertaken prior to the administration was included in my statement of proposals, which included: negotiating the transaction that occurred on 2 May 2017, assisting with the group restructure, creditor liaison, reviewing complex legal documentation and tax reviews, as well as complying with statutory duties.
- 8.6 The Company's solicitors, Shoosmiths LLP, was engaged to provide legal services prior to the appointment in order to assist with the structure of the transaction, preparation of necessary documentation and general legal advice.
- 8.7 The costs incurred by Shoosmiths LLP prior to the appointment of joint administrators were £68,000. A resolution to pay these costs was sought from the secured creditor and an agreement was reached with all parties to pay Shoosmiths' costs totalling £55,050 plus VAT in full and final settlement of the costs incurred.

9 Joint administrators' remuneration and expenses

- 9.1 As noted above, as the Company has insufficient property to enable any distribution to unsecured creditors, other than virtue of s176A of the Insolvency Act 1986, approval of the basis of our fees will be sought from the secured creditor.
- 9.2 I have not yet sought to agree the post appointment remuneration with the secured creditor but expect to seek a resolution that the fees are drawn on a time cost basis.

9.3 You will note from the SIP 9 table attached at Appendix C that our time costs from 2 May 2017 to 1 November 2017 are £115,866. Expenses relating to travel costs, bonding and land registry searches are £743. As shown in the receipts and payments account attached at Appendix A I have not yet drawn any remuneration.

9.4 Time costs to date have been incurred in relation to the following matters:

- Statutory reporting to creditors, including my SIP16 report and statement of proposals
- Complying with statutory duties
- Reporting to and correspondence with the fixed and floating charge holder
- Tax calculations and submitting returns in a timely manner
- Investigations into the Company and conduct of former directors
- Pursuing the Company's outstanding book debts, reviewing former directors' guarantees in respect of certain debts, correspondence with the former directors
- Realising various assets as per the director's statement of affairs
- Collecting rent from the Oadby property tenant, negotiating a sale of the property
- Correspondence with unsecured creditors

9.5 Background information regarding the fees of administrators can be found at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf. Alternatively, I will supply this information by post on request free of charge. Time is charged in 6 minute units.

10 Investigations into the affairs of the company

10.1 The joint administrators have a statutory duty to file a report with the Insolvency Service regarding the conduct of the directors who held office in the three years prior to administration.

10.2 This report must be filed within three months of the appointment date and its contents is confidential. I can confirm that this report was duly submitted.

10.3 My investigations into the affairs of the Company are on-going and I would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct, which may assist us in my investigations into the Company's affairs.

11 Other expenses incurred by the joint administrators

11.1 I engaged the following professionals to assist with the transaction on 2 May 2017 and in the administration:

- Shoosmiths LLP – Solicitors instructed to provide legal services prior to the *appointment in order to assist with the structure of the transaction*, preparation of necessary documentation and general legal advice
- Shakespeare Martineau LLP – Solicitors instructed to provide legal advice in respect of book debts, directors' personal guarantees and to assist with the sale of the Oadby property
- Colliers International Valuation UK LLP – Property agents instructed to value and assist with the sale of the Oadby property and a debtor relating to properties based on Rotherham


- JLT Specialty Limited – Insurance brokers assisting with the insurance of the Company's assets

11.2 Please refer to Appendix B for a breakdown of the expenses incurred and paid by the joint administrators between 2 May 2017 and 1 November 2017.

12 Contact

Should you wish to discuss any matters in this report further, please do not hesitate to contact Will Bowden on 0161 953 9600 or email will.j.bowden@uk.gt.com.

Yours faithfully
for and on behalf of Vehicle Trading Group Limited



Jason Bell
Joint Administrator

The affairs, business and property of Vehicle Trading Group Limited are being managed by Jason Bell and Eddie Williams, appointed as joint administrators on 2 May 2017.

Enc

Vehicle Trading Group Limited - in administration
 Joint Administrators' receipts and payments account
 from 2 May 2017 to 1 November 2017

Receipts	Statement of Affairs (£)	Total (£)
Shares in Subsidiaries	2.00	2.00
Freehold Land & Property	Uncertain	0.00
Furniture & Fixtures	Uncertain	0.00
Motor Vehicles	8,788.00	9,025.00
Book Debts	Uncertain	2,232.00
Inter-company debtors	1,199,998.00	599,998.00
Prepayments	Uncertain	0.00
Cash at Bank	198,522.00	195,707.35
Rent		7,500.00
Petty cash		51.62
		<hr/>
		814,515.97
		<hr/>
Payments		
Chargeholder	(38,162,632.34)	600,000.00
Pre-appointment fees		63,391.00
VAT irrecoverable		24,439.84
Legal Fees (1)		58,788.00
Statutory Advertising		70.20
Rates		1,066.27
Insurance of Assets		925.44
Unsecured Creditors (including accruals)	(10,256,783.00)	0.00
Preference Shareholders	(298.20)	0.00
Share Premium	(999,028.00)	0.00
Ordinary Shareholders	(2,410.30)	0.00
Capital contribution reserve	(293,011.00)	0.00
Revaluation reserve	(3,000,100.00)	0.00
		<hr/>
		748,680.75
Balance - 1 November 2017		<hr/>
		65,835.22
		<hr/>

Made up as follows

Floating Current Account NIB	65,835.22
	<hr/>
	65,835.22
	<hr/>

Note - VAT is not recoverable.

B Remuneration charged and expenses incurred by the administrators in the period

	Charged/incurred in period 02/05/2017 to 01/11/2017	Cumulative charged/incurred to 01/11/2017	Of which paid to 01/11/2017
	£	£	£
Joint administrators' fees:			
Pre-administration time costs	113,391	113,391	63,391
Post-administration time costs	115,866	115,866	0
Expenses	743	743	0
Professional fees:			
Shoosmiths LLP	0	55,050	55,050
Shakespeare Martineau LLP	6,384	6,384	3,728
Colliers International	1,000	1,000	0
JLT Speciality Limited	925	925	925

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with Statement of Insolvency Practice 9.

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown below. Tasks are allocated to staff at the appropriate level. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Current rates from 1 October 2017	£
	up to
Partner	510
Director	485
Associate director	445
Manager	340
Assistant manager	300
Executive	260
Administrator	200
Support staff	150

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at 45p a mile. VAT is added to disbursement charges as necessary.

Vehicle Trading Group Limited - V20597013 - SIP 9 TIME COST ANALYSIS

Transaction period : All transactions

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Administration and Planning (incl statutory reporting)	5.50	2,585.00	35.30	14,571.50	32.30	8,437.25	32.15	4,958.00	105.25	30,561.75
Chargeholders (incl bank reporting)	2.00	940.00	2.20	946.00	2.00	580.00			6.20	2,466.00
Corporation Tax	2.00	1,400.00	8.35	4,862.00	.80	224.00	5.25	598.75	17.40	7,084.75
Hiatus period									.00	
Investigations and reports on directors	2.50	1,175.00	7.25	3,125.00	10.95	3,050.50	1.55	124.00	22.25	7,474.50
Legal									.00	
PAYE and VAT									.00	
Pensions			.60	312.00			.50	77.50	.50	77.50
Preferential creditors							1.00	155.00	1.60	467.00
Realisation of Assets: Debtors	23.00	10,832.50	31.95	13,758.00	31.00	8,714.00			85.95	33,304.50
Realisation of Assets: Other assets	.50	235.00	19.55	8,428.25	1.50	435.00			21.55	9,098.25
Realisation of Assets: Property plant vehicles etc (incl HP leasing and third party)	10.50	4,965.00	1.45	623.50	17.50	4,893.00	.25	40.00	29.70	10,521.50
Realisation of Assets: Stock and WIP (incl ROT)									.00	
Sale of business	1.50	705.00							1.50	705.00
Trading									.00	
Unsecured creditors	23.00	10,810.00	4.15	1,784.50	3.75	1,065.00	2.85	456.00	33.75	14,115.50
Total	70.50	33,647.50	111.80	48,410.75	99.80	27,398.75	43.55	6,409.25	326.65	116,866.25

Total fees billed to date (Time) : £

Vehicle Trading Group Limited - In Administration

Time costs in the period 2 May 2017 to 1 November 2017

TASKS	Av Hrlly Rate	Hrs	£
STATUTORY AND ADMINISTRATIVE TASKS	£ 290	106.9	31,018.75
Case planning Case set up and acceptance compliance Appointment notification Statutory advertising, minutes of meetings File reviews Bank account administration (treasury) Maintenance of records Liaising with the Pensions Regulator / Schemes			
REALISATION OF ASSETS	£ 388	156.6	60,791.50
<u>Preservation of assets</u> Take control of company books and records Review company's bank statements and records Initial letters to various parties inc banks, agents, solicitors Consider Tax position Dealing with insurance issues <u>Sale of assets</u> Obtain information from various sources relating to assets Carry out property calculation, devise strategy Sale of motor vehicle Collection of book debts and inter-company debts Liaise with pre-appointment bank to realise cash at bank Sale / disposal of company's chattel assets Rent collections and sale of freehold property Instruct agents and solicitors to manage/sell the assets and liaise throughout			
CREDITORS	£ 415	40.0	16,581.50
Report to creditors on appointment and SIP16 report Administrators Statement of Proposals Progress reports to creditors Secured and unsecured creditor correspondence Reviewing and logging proofs of debts Agreeing creditors claims Distribution to creditors			
INVESTIGATION	£ 336	22.3	7,474.50
Review transactions in accordance with SIP 2 Investigate antecedent transactions Director conduct reporting			
TIME COSTS	£ 356	325.7	115,866

D An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator

Rule 18.9

- (1) The following may make a written request to the office-holder for further information about remuneration (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14 -
 - (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by-
 - (a) providing all of the information requested;
 - (b) providing some of the information requested;
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if-
 - (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of –
 - (a) the office holder giving reasons for not providing all of the information requested; or

- (b) the expiry of the 14 days within which an office-holder must respond to the request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

E An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 18.34

- (1) This rule applies to an application in an administration, a winding up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:
 - (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:
 - (a) a secured creditor;
 - (b) an unsecured creditor with either:
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) in a members' voluntary winding up:
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3 or final report or account under rule 18.14 which first reports the charging of remuneration or the incurring of the expenses in question ("the relevant report").