



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 9 4 6 8 9 0 8

Company name in full CargoLogicAir Ltd.

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) David

Surname Buchler

### 3 Administrator's address

Building name/number 64 North Row

Street

Post town London

County/Region

Postcode W 1 K 7 D A

Country

### 4 Administrator's name ①

Full forename(s) Joanne

Surname Milner

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 64 North Row

Street

Post town London

County/Region

Postcode W 1 K 7 D A

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	<sup>d</sup> 1	<sup>d</sup> 6	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2	
To date	<sup>d</sup> 1	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3	

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup>0

<sup>d</sup>7

<sup>m</sup>0

<sup>m</sup>6

<sup>y</sup>2

<sup>y</sup>0

<sup>y</sup>2

<sup>y</sup>3

**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

Anoushka Desai

Company name

Buchler Phillips Limited

Address

64 North Row

Post town

London

County/Region

Postcode

W

1

K

7

D

A

Country

DX

Telephone

**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.

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## CargoLogicAir Ltd.

(In Administration)

## Joint Administrators' Summary of Receipts and Payments (Accruals Basis)

Statement of Affairs £	From 16 November 2022 To 15 May 2023 £	From 16 November 2022 To 15 May 2023 £
<b>ASSET REALISATIONS</b>		
2,187,934.77 Stock	0.00	0.00
NIL Book Debts	0.00	0.00
Uncertain Tax Refunds	0.00	0.00
204,004.84 VAT Refund	0.00	0.00
10,583,942.36 Cash at Bank	0.00	0.00
Uncertain Deposits	0.00	0.00
	<hr/>	<hr/>
	0.00	0.00
<b>PREFERENTIAL CREDITORS</b>		
(262,222.79) Employee Arrears	0.00	0.00
	<hr/>	<hr/>
	0.00	0.00
<b>SECONDARY PREFERENTIAL CREDITORS</b>		
(900,000.00) HMRC - PAYE/NIC	0.00	0.00
	<hr/>	<hr/>
	0.00	0.00
<b>UNSECURED CREDITORS</b>		
(2,045,380.18) Trade & Expense Creditors	0.00	0.00
(2,976,371.41) Employees / Directors	0.00	0.00
(3,226,129.69) Intercompany Creditors	0.00	0.00
	<hr/>	<hr/>
	0.00	0.00
<b>DISTRIBUTIONS</b>		
(200,000.00) A Shares	0.00	0.00
(1,200,001.00) Ordinary Shareholders	0.00	0.00
	<hr/>	<hr/>
	0.00	0.00
<hr/>	<hr/>	<hr/>
<b>2,165,776.90</b>	<b>0.00</b>	<b>0.00</b>
<hr/>	<hr/>	<hr/>

REPRESENTED BY

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**NIL**


Joanne Milner  
Joint Administrator



**BUCHLER PHILLIPS**  
CORPORATE RECOVERY AND RESTRUCTURING

# Joint Administrators' Progress Report

CargoLogicAir Ltd - In Administration

For the period from 16 November 2022 to 15 May 2023

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

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## THE ADMINISTRATORS' PROGRESS REPORT

### 1 Introduction

- 1.1 I, together with my partner David Buchler, was appointed Joint Administrator of CargoLogicAir Ltd. (the Company) on 16 November 2022. The appointment was made by a Court Order issued on 16 November 2022 following an Administration application made by Konstantin Vekshin as Director of the Company on 8 November 2022 under paragraph 12(1)(b) of Schedule B1 of the Insolvency Act 1986.
- 1.2 The Administration is registered in the High Court of Justice Business and Property Courts of England and Wales, Court Case reference number 004108 of 2022.
- 1.3 This Administration is being handled by Buchler Phillips Limited at 64 North Row, London, W1K 7DA. The Administrators' contact details are by phone on 0207 647 9011 or via email at [cla@buchlerphillips.com](mailto:cla@buchlerphillips.com).
- 1.4 As Joint Administrator, I am required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 16 November 2022 to 15 May 2023 (the Period) and should be read in conjunction with my earlier proposals report.
- 1.5 Information about the way that we will use, and store personal data on insolvency appointments can be found at <https://www.buchlerphillips.com/privacy-policy/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.6 The trading address of the Company was 3 Roundwood Avenue, Stockley Park, Uxbridge, UB11 1AF.
- 1.7 The registered office of the Company is 64 North Row, London, W1K 7DA and its registered number is 09468908.

#### Ethical Considerations

- 1.8 Prior to our appointment, the Joint Administrators undertook a review of ethical issues, and the potential ethical matters below were identified.
- 1.9 Professional Competence and Due Care – the particular complexities and high-profile nature of the case, coupled with the sanctions landscape, both in the UK and abroad, in which the Company finds itself, could be deemed to present an ethical threat. However, the Joint Administrators are satisfied that the significant experience and knowledge possessed by the Joint Administrators' team and their advisors is commensurate to the risk of any potential ethical breach. The Joint Administrators have carefully considered, with the benefit of specialist legal advice, the risk presented by applicable sanctions legislation and have taken steps to mitigate any such risks.
- 1.10 Validity of Appointment – in order to provide complete transparency to all and any potential stakeholders regarding the validity of the Administration, and to provide an opportunity for any party to attend and participate in the process of appointment, the appointment of the Joint Administrators was sought by way of an application to Court.
- 1.11 The Joint Administrators are also satisfied that the level of these ethical risks is acceptable due to:
- An internal ethical review completed by Buchler Phillips Limited and approved by the Joint Administrators;
  - Disclosure of the potential ethical matters identified; and

- The team dealing with the Administration having had no prior involvement or relationship.
- 1.12 We are aware that Alexey Isaykin, the ultimate beneficial owner of the Company, was also sanctioned by the Ukrainian Government during the Period. We are not aware of any contractual arrangements or debtor and creditor relationships between the Company and a Ukrainian party. Therefore, we do not currently expect this to cause an issue to creditors as no payments are expected to flow to Ukraine. Our legal advisors have a relationship with a Ukrainian law firm, should we need to take specific advice on the matter. Please contact us at [cla@buchlerphillips.com](mailto:cla@buchlerphillips.com) if you are aware of any links between the Company and Ukraine.
- 1.13 The ethical threats continue to be monitored and we are satisfied that the issues identified above are being appropriately managed.

## 2 Receipts and Payments

- 2.1 In Section 3 below, you will find an update on the progress made during the Period in realising the Company's assets and dealing with its affairs. For reasons explained below there have been no Receipts or Payments in the period. I would like to bring the following matters about the receipts and payments during the Period to your attention:
- The Company's pre-appointment bankers, Citibank, confirmed that they will allow us to transfer the Company's funds to a new bank account but will not authorise us to use the accounts on a day-to-day basis.
  - The Office of Financial Sanctions Implementation (OFSI) License obtained on 6 February 2023 (Administration Licence), gives NatWest as the Insolvency Service's bankers permission to hold the sanctioned funds on behalf of the Joint Administrators, but it does not compel it to do so. After the Administration Licence was obtained, NatWest advised that it did not have the risk appetite to take on sanctioned funds. NatWest's stance was consistent with the views we have encountered across the UK banking industry.
  - We have been speaking with the Insolvency Service, legal advisors, other Insolvency Practitioners facing similar banking issues relating to sanctioned assets, R3 as the insolvency profession trade body, Government Ministers and Officials and various alternative banks to try to reach a solution.
  - Since the end of the Period, we have received confirmation from NatWest that they will open a separate Insolvency Service Account for the Company's funds. We have been in discussions with the various parties concerning NatWest's costs and the practicalities. NatWest will need to employ an additional resource. The cost will be split between impacted sanctioned estates. The additional resource will:
    - create and implement a bespoke sanctions compliance process, and merge it into their business-as-usual sanctions compliance operating model; and
    - carry out due diligence on all receipts and payments to ensure compliance.
  - There is no alternative banking solution so we and the other Administrators have verbally agreed to bear NatWest's costs. Subject to regulatory requirements and approvals, NatWest have suggested it may be possible for the account to receive bank interest of 1.15%-1.61% per annum depending on the balance held in the account. If interest is applied to the blocked account, the interest received will be used to offset the banking fees. As soon as we receive the updated bank details, we will contact OFSI to request an amendment to the Administration Licence. Unfortunately, it is unlikely that the additional resource will start with NatWest before July so it is unlikely that any payments to creditors will be made until August at the earliest.



- No Receipts and Payments have been made in the period due to the issues with opening a bank account, as shown at Appendix A.

### 3 Progress of the Administration

- 3.1 You may recall that the statutory objective being pursued in the Administration was achieving a better result that would be likely if the Company were wound up. In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 3.2 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 3.3 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work included detailed liaison with our solicitors to deal with any legal considerations surrounding the Administration as well as, liaising with valuation agents to consider the most appropriate means of realising the value in the Company's business and assets.

#### Administration (including statutory compliance & reporting)

- 3.4 As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be done in this area was outlined in my initial fees estimate/information which was previously agreed by creditors.
- 3.5 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrators.
- 3.6 As noted in my initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors but is required on every case by statute.
- 3.7 We have also dealt with several statutory formalities which are required under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and advertising our appointment in the London Gazette, together with preparing the proposals to creditors outlining how the purpose of the Administration may be achieved and seeking decisions of creditors.

#### OFSI

- 3.8 The Joint Administrators have been liaising with DLA Piper UK LLP regarding the Administration Licence. An application for the Administration Licence was submitted on 8 November 2022 but was not granted until 6 February 2023. The Administration Licence is required for the Joint Administrators to achieve the purpose of the Administration and realise assets for the benefit of creditors.
- 3.9 The Company obtained a separate OFSI license (Basic Needs Licence) prior to the appointment of the Joint Administrators. which permitted the Company to make payments to satisfy obligations prior to 16 June 2022 and employees' contractual entitlements. This Basic Needs Licence was initially due to expire on 1 January 2023. An application for an extension, including an increase to the value threshold to which the Company was permitted to make payments, was also submitted on 8 November 2022. The Basic Needs Licence was extended to 6 February 2024, and was received at the time the Administration Licence was granted.

#### Leasehold Premises

- 3.10 The Company occupied leasehold premises at 3 Roundwood Avenue, Stockley Park under an agreement with another of Mr Isyakin's companies, Volga-Dnepr UK Ltd, which is also subject to UK Sanctions due to the Russian – Ukrainian conflict. The landlord restricted access to the premises for both companies shortly after we were appointed. The Joint Administrators were able to gain access to the premises to secure the Company's physical books and records and to determine with our agents whether there were any assets of value that could be realised for the benefit of the creditors. The bulk of Chattel assets in the premises were the property of Volga-Dnepr UK Limited and any residual assets of the Company were not deemed of sufficient value to merit movement and were therefore abandoned.

#### Books and Records

- 3.11 The Company had encountered difficulties in obtaining access to its electronic records which had been blocked since July 2022 by Microsoft due to the Sanctions regime. Following the Joint Administrators' appointment, our legal advisors wrote to Microsoft on behalf of the Joint Administrators to enable access to the Company's electronic records, however, we have still not been granted this access despite frequent requests.
- 3.12 The Company's Cloud Solution Provider and their supplier for Microsoft packages have assisted the Joint Administrators in pursuing Microsoft for access to the Company's electronic records. Microsoft have not provided a satisfactory response to date despite several emails and letters to various contacts at Microsoft. We will continue to pursue Microsoft and look at other avenues to reach a solution with our legal advisors. We believe that once we are able to make payments this may mean that the access issue is alleviated, alternatively we will seek to use the legal processes available to us to secure access via the Courts.
- 3.13 The Company uses Trax, a computer maintenance, repair and operations software, which includes stock levels, location and supporting documentation. The Company's access to Trax was blocked prior to the commencement of the Administration and remains blocked due to outstanding unpaid invoices. Our legal advisors have contacted Trax who have confirmed that they will restore one month's access to the system upon payment of the outstanding invoices. Access for subsequent months will be enabled as long as it is paid in advance. We will look to gain access once we have the bank account as the system is essential to enable our agents to sell the B747 stock.

#### Opening a Bank Account

- 3.14 There has been correspondence between the Joint Administrators, the legal advisors for the Joint Administrators and Citibank concerning the transfer of funds. As stated previously, it has been agreed with Citibank that they will transfer the Company's funds to a designated bank account when it has been setup.
- 3.15 As the Joint Administrators had understood that a bank account would be setup with the Insolvency Service's banker's NatWest prior to their appointment. However, as discussed earlier the Insolvency Service's bankers initially changed their stance and refused to deal with sanctioned funds. The Administration Licence gives NatWest a legal basis to accept the funds, but it does not compel it to do so.
- 3.16 The Joint Administrators have explored other bank accounts including major UK banks, challenger banks and foreign banks. The UK banks do not have the risk appetite to accept sanctioned funds and OFSI would not grant authorisation for their transfer to a non-UK regulated bank.
- 3.17 As stated previously, the Joint Administrators have been speaking with the Insolvency Service, legal advisors, other Insolvency Practitioners with similar banking issues of sanctioned assets, R3 as the insolvency profession trade body, Government officials and banks to reach a solution.

- 3.18 The Joint Administrators have very recently received confirmation from NatWest that they will allow the Company's funds to be held in a separate Insolvency Service Account. We are in discussions with NatWest in relation to their fees and practicalities. We will notify creditors and employees once we are in a position to make payments.
- 3.19 Following our appointment, steps were taken to immediately assess whether it would be feasible for the Joint Administrators to continue trading the business whilst a buyer for all or part of the Company's business was sought. However, this has proved impossible due to the Company not having access its bank accounts as an effect of the sanction's regime.

#### Realisation of Assets

- 3.20 The work undertaken by the Administrators and their staff to date in realising the Company's assets has been necessary to make payments to creditors in due course. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in future progress reports.

#### Stock

- 3.21 The stock figure of £2,187,934.77 included on the Director's Statement of Affairs relates to B747 aircraft parts and included a 73% provision against current asset inventory and a 50% provision against aircraft rotables.
- 3.22 The Joint Administrators have instructed specialist agents at Lambert Smith Hampton to review the stock in its various locations and determine an appropriate asset realisation strategy. The majority of the stock is held at East Midlands Airport, Amsterdam Airport and Hahn Airport. There are also some high worth items of stock at various other locations. A site visit at East Midlands Airport showed that there were no material discrepancies with the locations, descriptions, and quantities of the stock held. Valuations for the stock at the three locations as a whole or on a line-by-line basis has been obtained by LSH.
- 3.23 We have been in contact with Amsterdam Airport and Hahn Airport but it was deemed that a site visit wasn't necessary during the Period. The stock in Amsterdam is stored on wrapped pallets and it would be difficult to accurately inspect the stock. There are fewer high worth items stored in Hahn Airport so a desktop valuation was taken instead.
- 3.24 We have been in contact with several parties interested in acquiring the stock, but they require the specialist documentation stored on Trax before the stock can be sold. Therefore, the realisation of the stock is wholly dependent on gaining access to Trax, and as previously mentioned, we will gain access to the software once a bank account is available and once Microsoft allows access to the Company's records.
- 3.25 The stock cannot be moved at present as we do not have access to a bank account to pay for transportation. The sums outstanding for storage of the stock during the Administration will be paid as an expense of the Administration once access to the funds is made. Details of the storage costs can be found at Appendix D.

#### Tax Refund

- 3.26 The tax refund relates to a potential terminal loss relief (TLR) claim. The TLR claim has a book value of £3,304,087.03 but the estimated to realise figure is marked as uncertain in the Director's Statement of Affairs because the recovery depends on the exit route of the Administration. The Company paid approximately £6,000,000 in corporation tax since it started operating, and the sanctions resulted in profit and loss reserves being depleted which may lead to a refund if the Company enters liquidation. The Joint Administrators will seek tax advice and instruct suitable specialists at the appropriate time to assist with the TLR claim.

#### VAT Refund

- 3.27 The Company has outstanding VAT refunds totalling £204,004.84 in respect of three returns submitted to HMRC before August 2022. The Joint Administrators' will be able to pursue the refunds once a banking facility is set up.

#### Book Debts

- 3.28 The Director's' Statement of Affairs includes an estimated to realise book debt figure of £1,200,000.
- 3.29 Despite the lack of records, the Joint Administrators and the retained employees have managed to obtain the relevant information to pursue these book debts. The Joint Administrators' will write to all debtors after a bank account has been set up.
- 3.30 The intercompany debtors are unlikely to be recoverable due to these companies falling under the same UK Sanctions regime. We are aware that insolvency processes have been commenced for these companies but these are still in their very early stages and the Insolvency Practitioners concerned are likely to be facing the same issues as us with regards to the bank accounts and IT access

#### Deposits

- 3.31 The deposits have a book value of £4,365,784.88 but the estimated to realise figure is marked as uncertain in the Director's Statement of Affairs. The recovery of the deposits given to Aircastle Investment Holding 2 Limited and WWTAI Airopco 1 Bermuda Limited (WWTAI) of £1,000,000 and £2,200,000 respectively in relation to the two B747 aircrafts may involve litigation. WWTAI filed a strike out application in respect of the deposit, and the Administrators were required to file a witness statement at Court to dismiss the application.

The Court dismissed the strike out application on 13 March 2023 and proceedings have been stayed until 13 July 2023. PCB Byrne solicitors were dealing with the WWTAI deposit prior to the Joint Administrators' involvement so have been retained and are advising accordingly, including on next steps.

#### Cash at Bank

- 3.32 At the commencement of the Administration, the Company had four bank accounts at Citibank with balances of USD 12,247,836.10, EUR 745,614.40, RUB NIL and (£237,902.27). This equates to a total cash balance of £10,583,942.37 using the relevant exchange rates at the date of the Administration.
- 3.33 Immediately on our appointment we wrote to Citibank to advise them of the Administration and requested that no payments should be made unless authorised by the Joint Administrators.
- 3.34 Following the Administration Order on 16 November 2022, Citibank continued to process payments totalling £708,980.91 to certain creditors of the Company on 21 November 2022. The Administrators reserve their rights to take such further action as advised.
- 3.35 The payments that were released to recipients with HSBC bank accounts are believed to be being withheld by HSBC because of the impact of Sanctions. Our legal advisors have written to Citibank requesting details of the payments and recipients that are being held by HSBC, and for them to instruct HSBC to return these. We are awaiting their response.
- 3.36 Work has been undertaken by the Joint Administrators to determine exactly who has been paid and how that effects overall creditors' claims in the Administration. Some payments were made to Employees which has a direct impact on our assessment of Employee entitlements going forward. We are also in contact with the Company's payroll provider, Automatic Data Processing Inc (ADP), to assist with reconciling the amounts that employees were paid and how much they are owed in terms of salaries and bonus payments.

### Intangible Assets

- 3.37 The Joint Administrators have been contacted by a Dutch cargo airline company in respect of obtaining the Company's Air Operator Certificate (AOC). The AOC is not a saleable commodity but if the Company is sold as a going concern, it will remain in the Company's name and will continue to be in force. It is unlikely that the Company will be sold as a going concern but the interested party are keen on purchasing the Company's systems and documentation which will assist with their own AOC application.

### Creditors (claims and distributions)

- 3.38 Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 3.39 Since 1 December 2020, claims from preferential creditors fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal, which rank equally among themselves), or secondary (which are claims by HMRC for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CIS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company.
- 3.40 Work undertaken by Administrators in dealing with a company's creditors may only bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrators in dealing with those claims.

### Employees

- 3.41 We have been dealing with employee claims, with assistance from our agents Evolve IS, and have received almost daily queries from employees since our appointment. We have also been in contact with ADP to instruct them to prepare and issue the ex-employees of the Company with their P45s and the retained employees with the P60s, once all adjustments have been made to bring the records up to date to reflect actual payments received. ADP have confirmed that they will rerun the final payroll and issue these forms once payment is received.
- 3.42 It should be noted that we have actively been chasing ADP for their services since January 2023 as we are aware of the issues with employees having to use emergency tax codes as they do not have a P45. Unfortunately, the services they agreed to provide were not sufficient and the generated payroll and HMRC forms were inaccurate. Therefore, it was agreed that the Joint Administrators would send a detailed report outlining the outstanding required corrections, the rerun of the final payroll and the P11Ds/P45s/P60s. The Joint Administrators have also provided ADP with confirmation that their fees will be met as an expense of the Administration as soon as funds permit.
- 3.43 We have reviewed all records provided by the Company's HR department and the payroll summaries from ADP and reconciled the wages owed to each employee so we will be able to make a distribution to the employees on a timely basis in due course. However, this does not take into account any payments made to employees by the Redundancy Payments Service. We await the Redundancy Payments Service's proof of debt before we can make a final adjudication of employee's claims. We will notify employees of the adjudication once this has been completed, but the Redundancy Payments Service does not generally issue details of claims paid until some 6 months after payments have been made. We have asked the

employees for details of what they have actually received but not all are keen to share this information with us.

#### Other Creditors

- 3.44 With the assistance of the retained employees, the Joint Administrators have started adjudicating the claims made by the trade creditors. We will notify trade creditors of the adjudication once this has been completed.
- 3.45 There is ongoing litigation in France by S.A.S. Strategic Airlift Support (SAS) against the Company and Volga-Dnepr UK Limited in respect of a contract being terminated prior the Joint Administrators' appointment. The French Court dismissed the claim of €5,000,000 against the Company and Volga-Dnepr UK Ltd in February 2022 but SAS have appealed the decision. We are currently awaiting an update from the French Courts. Dentons in Paris were dealing with the claim on behalf of the Company before the Administration and continue to represent the Company during the Administration.
- 3.46 More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.
- 3.47 At this stage, I consider the following matters worth bringing to the attention of creditors:
- There are no secured creditors
  - I anticipate claims from both the ordinary and secondary preferential creditors totalling £1,162,222.79
  - I will be required to deal with the claims of 102 employees
  - There are approximately 110 unsecured creditors, not including employees, in this case with a value of £8,247,881.28 per the Statement of Affairs

#### Investigations

- 3.48 Some of the work Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.
- 3.49 I can confirm that I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.
- 3.50 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report or any further potential recoveries which could be pursued for the benefit of creditors.
- 3.51 If any creditor has any information concerning the Company's affairs that they would like to bring to the Administrators attention, please do by email to [cla@buchlerphillips.com](mailto:cla@buchlerphillips.com).

#### What remains to be done in the Administration

- 3.52 Our first and foremost priority is to open a bank account in which we will be able to pay for outstanding services such as obtaining books and records through Trax.

- 3.53 The Company's payroll providers, ADP, are to prepare the final payroll and assist the Administrators with issuing P45 and P60 forms to enable the Employees to regularise their tax affairs.
- 3.54 As mentioned above, the Joint Administrators will need to realise the remaining assets and potentially sell or dispose of them. We will need to liaise with our agents at Lambert Smith Hampton and potentially arrange future site visits to value stock held at the airport premises.
- 3.55 We will also write to all Debtors of the Company demanding payment of the amount they owe. This will be done when we have a bank account to accept the funds from debtors.
- 3.56 We will instruct specialist accountants to deal with the Corporation Tax Refund claim once we have access to the books and records.
- 3.57 We will seek Court approval for the Joint Administrators to distribute to creditors in the Administration period.
- 3.58 Once we have opened a bank account and are able to effect dividend distributions, we will issue payments to all employees and creditors, as current information still suggests all creditors will be paid in full.

#### 4 Estimated Outcome for Creditors

- 4.1 At the present time, it is anticipated there will be sufficient funds available to make a distribution to creditors. The sections below provide details of the anticipated outcome for each class of creditor and further updates will be provided in the Administrators' subsequent progress reports.

##### Preferential Creditors

- 4.2 A summary of the preferential claims and details of any anticipated distributions:

Ordinary preferential claims	Claim Received £	Statement of Affairs Estimate £
Employee claims	Awaiting RPS's Proof of Debt	262,222.79
Secondary preferential claims	Claim Received £	Statement of Affairs Estimate £
PAYE, Employee NIC & CIS deductions (HMRC)	343,096.17	900,000.00

- 4.3 The ordinary and secondary preferential creditors are expected to be paid in full prior to the conclusion of the Administration.

##### Unsecured Creditors

- 4.4 We have received claims totalling £731,547.08 from 32 trade creditors. I have yet to receive claims from a further 78 trade and intercompany creditors who will bring the debt total to £5,271,509.87 as per the Company's statement of affairs.
- 4.5 The employees have unsecured creditor claims totalling £2,976,371.41 per the statement of affairs. The employee's resident in the UK were entitled to claim at the Redundancy Payment Service (RPS) for some of their entitlements at statutory limits. The RPS do not provide their proof of debt until at least six months of the Administration has passed. Therefore, we are unable to accurately confirm the split of the employees' and the RPS's unsecured claims at this time.

4.6 The Company did not grant any floating charges to a secured creditor. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors (known as the Prescribed Part), which only applies to charges created after 15 September 2003.

4.7 I currently anticipate that a distribution will be available to the unsecured creditors. As a result, unless it is more expedient to make an application to court to allow this to be distributed in the Administration, I anticipate that the Company will exit into Creditors' Voluntary Liquidation to facilitate the payment of a dividend to the unsecured creditors. Further details will be provided after we have received directions from the Court.

## 5 Pre-administration Costs

5.1 The pre-administration costs were disclosed in the Joint Administrators' proposals, and on 26 January 2023 the following amounts in respect of pre-administration costs were approved:

Fees or Expenses charged by	Brief description of services provided	Total amount approved
Buchler Phillips Limited	Pre-appointment advice on the Company's options following the sanctions and OFSI decision on licence application & preparing for the Administration	£83,735 plus VAT
DLA Piper UK LLP	Legal advice on the Company's options following the sanctions, OFSI decision on licence application & dealing with the appointment of the Administrators	£512,256.45 plus VAT
Rabin Kok of South Square Barristers	Preparing for the Court hearing for the appointment of the Administrators	£4,940 plus VAT
Adam Al- Attar of South Square Barristers	Preparing for and attending the Court hearing for the appointment of the Administrators	£15,290 plus VAT
Court Fee	Court fees in relation to the administration application	£280

5.2 No payments have been made to date due to the issues with obtaining a bank account and accessing the Company's funds.

## 6 Joint Administrators' Remuneration

6.1 The basis of the Administrators' fees has been fixed in the Administration by reference to the time properly spent by them and their staff in managing the Administration. My fees estimate/information was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time.

6.2 A copy of the approved fees estimate for the Administration is reproduced below:



Classification of Work	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration	395	489	193,125
Realisation of Assets	250	513	128,250
Creditors (claims & distributions)	215	468	100,625
Investigations	155	507	78,625
Total	1,210	492	500,625

- 6.3 Our time costs for the Period are £352,475.00. This represents 709.90 hours at an average rate of £496.51 per hour. Attached at Appendix B is a Time Analysis which provides details of the number of hours and costs per classification of work during the Period in respect of the costs fixed by reference to time properly spent in managing the Administration. To date, the no time costs have been paid.
- 6.4 We now consider that the original fees estimate I provided for the Administration is likely to be insufficient to complete my duties due to the extra work undertaken in the Administration and the delays encountered. We anticipate that it may be necessary to seek further approval to this revised estimate in due course and I will notify creditors accordingly should this happen. We will also need seek an amendment to the Administration Licence in respect of any increase in these costs.
- 6.5 We will also update creditors on the anticipated total amount that will be paid to my firm in respect of the revised fees estimate in my next progress report. Given the current revision of our anticipated costs and the ongoing work in the Administration, it is difficult at this time to accurately report the anticipated payment to my firm.
- 6.6 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <https://www.icaew.com/media/corporate/files/technical/insolvency/creditors-guides/2010/creditors-guide-to-administrators-fees-england-and-wales-apr-2010.ashx>
- 6.7 Attached at Appendix D is additional information in relation to the Administrators' fees, expenses and the use of subcontractors and other professional advisers.

## 7 Creditors' Rights

- 7.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive.

## 8 Ending the Administration

- 8.1 The Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.
- 8.2 As the Administrators were appointed by way of an application to court under Paragraph 10 of Schedule B1 of the Insolvency Act 1986, the Administrators' discharge from liability under Paragraph 98 of the same Schedule will also be obtained from the court at the appropriate time.

- 8.3 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.
- 8.4 Based on information currently available, the information on the exit routes we believe may be appropriate in this Administration are set out below. It is likely that we will seek the Direction of the Court as to the exit route to be followed in this case.

*Creditors' Voluntary Arrangement*

- 8.5 A CVA is a formal procedure introduced by Part 1 of the Insolvency Act 1986 which enables a company to agree with its creditors how their debts should be paid and in what proportions. It requires the approval in excess of 75% in value of the creditors voting. Once approved, it binds all creditors who received notice of the decision to approve the CVA and were entitled to vote on it, whether they did vote or not. There are special provisions for valuing the votes of creditors who are connected with the Company. The Joint Administrators will advise Creditors in due course of Directions made by the Court in this regard.

*Creditors' Voluntary Liquidation*

- 8.6 Based on present information, the Administrators think that a distribution will be paid to the unsecured creditors. Ordinarily once an Administrator was in a position to pay all creditors the Administrators would file a notice with the Registrar or Companies in order that the Administration would cease and the Company would move automatically into CVL to facilitate this distribution with the Joint Administrators acting as Joint Liquidators. The Directions Application will determine whether this process will be followed and we will advise Creditors in due course of the steps to be taken.

*Dissolution of the Company*

- 8.7 If an Application is made to the Court for the Administrators to make a Distribution to the Company's Creditors in the Administration period and the distribution is made, then the Joint Administrator may on completion look to take steps for an immediate dissolution of the Company. Again, this outcome will be dependent on any Order made by the Court in relation to the proposed Directions Hearing mentioned above. The Joint Administrators will advise Creditors in due course of Directions made by the Court in this regard.
- 8.8 If a surplus remains after the costs and expenses of the Administration, and creditors have been paid in full plus statutory interest, we will seek Directions from the Court and OFSI for dealing with the surplus. The surplus would ordinarily be paid to the shareholders but, due to the Sanctions imposed on the Ultimate Beneficial Owner, this is currently not possible absent OFSI authorisation.

**9 Next Report**

- 9.1 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or he wishes to extend it.

For and on behalf of  
CargoLogicAir Ltd.



Jo Milner  
Joint Administrator

# CARGOLOGICAIR LTD - IN ADMINISTRATION

## Appendix A

### Receipts and Payments Account from 16 November 2022 to 15 May 2023

Statement of Affairs		From 16 November 2022 To 15 May 2023	From 16 November 2022 To 15 May 2023
£		£	£
	ASSET REALISATIONS		
2,187,934.77	Stock	0.00	0.00
1,200,000.00	Book Debts	0.00	0.00
Uncertain	Tax Refunds	0.00	0.00
204,004.84	VAT Refund	0.00	0.00
10,583,942.36	Cash at Bank	0.00	0.00
Uncertain	Deposits	0.00	0.00
		0.00	0.00
	PREFERENTIAL CREDITORS		
(80,000.00)	Employees - Arrears of Wages	0.00	0.00
(182,222.79)	Employees - Holiday Pay	0.00	0.00
		0.00	0.00
	SECONDARY PREFERENTIAL CREDITORS		
(900,000.00)	HMRC - PAYE/NIC	0.00	0.00
		0.00	0.00
	UNSECURED CREDITORS		
(2,045,380.18)	Trade & Expense Creditors	0.00	0.00
(3,226,129.69)	Intercompany Creditors	0.00	0.00
(456,857.94)	Employees - Arrears of Wages	0.00	0.00
(310,613.83)	Employees - Redundancy Pay	0.00	0.00
(2,194,855.64)	Employees - Notice Pay	0.00	0.00
(14,044.00)	Employees - Bonus Pay	0.00	0.00
		0.00	0.00
	DISTRIBUTIONS		
(200,000.00)	A Shares	0.00	0.00
(1,000,001.00)	Ordinary Shareholders	0.00	0.00
		0.00	0.00
3,565,776.90		0.00	0.00
REPRESENTED BY			

NIL



Joanne Milner  
Joint Administrator

Appendix B

Time Analysis for the Period from 16 November 2022 to 15 May 2023

Classification of Work	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	474.60	243,860.00	513.82
Creditors (claims and distributions)	181.40	78,770.00	434.23
Investigations	15.40	8,300.00	538.96
Realisation of Assets	38.50	21,545.00	559.61
<b>Total Hours</b>	<b>709.90</b>	<b>352,475.00</b>	<b>496.51</b>

## Appendix C

## Estimated Outcome Statement as at 15 May 2023

	£	£
Uncharged Assets:		
Tax Refunds	Uncertain	
Stock	1,720,000.00	
Book Debts	1,200,000.00	
Deposits	Uncertain	
VAT Refund	204,004.84	
Intercompany Debtors	Nil	
Cash at Bank	10,583,942.36	
Estimated total assets available to preferential creditors		13,707,947.20
Less Pre-Appointment costs:		
Administrators' Pre-Appointment Fees	83,735.00	
DLA Piper UK LLP's Pre-Appointment Legal Fees	512,256.45	
South Square Barrister's Pre-Appointment Fees	20,230.00	
Court Fee	280.00	
		(616,501.45)
		13,091,445.75
Less Estimated Administration Costs:		
Administrators' Current Fee Estimate	500,625.00	
Legal Fees	385,915.10	
Statutory Advertising	103.50	
Specific Penalty Bond	2,100.00	
Insurance	17,131.30	
Storage Costs - Amsterdam	117,248.57	
Other Storage Costs	5,910.00	
Professional Services	32,643.68	
Bank Charges	37,950.00	
Mailing Services	734.26	
IT Costs	47,341.96	
Retained Employee Salaries	164,822.78	
Retained Employee Expenses	259.52	
		(1,312,785.67)
		11,778,660.08
Less: Provision for additional Administration Expenses/Legal Costs		(2,000,000.00)
		9,778,660.08
Less: Preferential Creditors per Statement of Affairs	(262,222.79)	
Less: Secondary Preferential Creditors per Statement of Affairs	(900,000.00)	
Less: Unsecured Creditors per Statement of Affairs	(8,247,881.28)	
		(9,410,104.07)
Surplus		368,556.01

## Appendix D

## Additional Information in Relation to the Joint Administrators' Fees, Expenses &amp; the use of Subcontractors

## Staff Allocation and the Use of Subcontractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

On this case we have utilised the services of the subcontractors noted below. It is considered that the cost of subcontracting this work to specialist contractors will be less than, or equivalent to, the cost of these services being undertaken by the office holders or their staff and the outsourcing of this work will bring greater efficiency to this element of the work necessary in the Administration.

Service (s)	Provider	Work done/to be done	Basis of fee arrangement	Paid to date £	Anticipated total cost £
Employee claims processing	Evolve IS	Employee claims support, pension related matters, assisting with the submission of ERA claims to the Redundancy Payments Service and agreement of employee claims with the office holder.	Fixed Fee	nil	4,223 plus VAT
Pension claims processing	Evolve IS	Assisting with the submission of pension claims to the Redundancy Payments Service and agreement of pension claims with the office holder	Fixed Fee	nil	975 plus VAT
HR Services	HR4U Ltd	Employee information support, HR and accounting services where appropriate	Fixed Fee	nil	18,912.20 plus VAT

## Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
DLA Piper UK LLP (legal advice)	Time costs
Lambert Smith Hampton (valuation and disposal advice)	% of realisations to be agreed
ADP	Time costs

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

## Joint Administrators' Expenses

The estimate of expenses which were anticipated in the Administration was provided to creditors when the basis of my fees was approved. The table below compares the anticipated costs against those incurred to date

.

Expense	Basis of remuneration/cost	Services provided	Estimated cost
Agent's fees & expenses	% of realisations to be agreed	Valuation, uplift & sale of the Company's property or chattel assets via auction/private treaty	Uncertain as the enquiries into the stock are ongoing
Legal fees & expenses	Time costs	Advice on sanctions, OFSI Licence, aviation, litigation for pursuing deposits and general restructuring and insolvency advice	£385,915.10 plus VAT from 16 November 2022 to 15 May 2023 but uncertain on future costs
Statutory advertising	Fixed cost	Statutory advertising in London Gazette in respect of the Administrators' appointment	£103.50 plus VAT
Specific Penalty Bond	Fixed cost	Statutory bond required in all insolvency appointments for each office holder appointed	£2,100 plus VAT
Insurance	Variable depending on duration of cover	Asset insurance	£17,131.30 to 15 November 2023
Storage Costs - Amsterdam	Fixed cost	Charges incurred from Amsterdam Airport for holding the stock	€135,000.00 to date (£117,248.57 based on an exchange rate of £1:€1.1514) but uncertain on future costs. The storage costs are €15,000 (£13,027.62) per month
External storage costs	£0.16 per box of records stored	Storage of insolvent's books & records for statutory timescales	Uncertain
Other external storage costs	Fixed costs	Storage of records and small items of stock maintained by pre-Administration suppliers	£5,910 to date but uncertain on future costs
Re-direction of mail	Fixed cost	Re-direction of the insolvent's mail to the office holder for three months	£216 plus VAT
Payroll advice	Fixed cost	Specialist payroll advice relating the final payroll and P45s	£8,533.48 to 15 May 2023 but uncertain on future costs
Access to TRAX software	Fixed cost per case	Access to Trax software to access documentation for the	US\$27,646.56 (£22,758.12 based on exchange rate £1:US\$1.2148)
External Mail Services	Variable depending on number of pages and postage	External mail service costs for creditor circulars	£499.07 plus VAT
External Mail Services	Fixed cost	A letter delivered by a courier to the CAA	£19.19 plus VAT

## CARGOLOGICAIR LTD - IN ADMINISTRATION

Bank charges	Depends on the bank account used and number of payments made	Charges incurred for operating the insolvent estate accounts	Uncertain
Bank charges	Fixed cost to 31 December 2023	Charges incurred for setting up the insolvent estate account	£37,950
IT Supplier	Fixed cost	Maintaining the Company's IT systems to assist with access to Microsoft	£24,583.84 plus VAT to 15 May 2023 but uncertain on future costs
Retained Employees	Contractual Salaries	Assisting the Administrators carry out their duties	£164,822.78
Retained Employees Expenses	Fixed cost	Travel to East Midlands Airport for a stock inspection	£259.52

These expenses do not require prior approval by creditors. The type of expenses that may be charged to a case as a Category 1 expense generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, external room hire and external storage costs. Also chargeable, will be any properly reimbursed expenses incurred by personnel in connection with the case. These expenses may include expenses which are payments first met by an office holder and then reimbursed from the estate.

No category 1 expenses have been paid during the course of the Administration.

### Category 2 expenses

These expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may therefore include payments to associates of the office holder or shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Details of Category 2 expenses charged by this firm (where appropriate) were provided at the time the Administrators' fees were approved by creditors.

Expense	Estimated overall cost £	Incurred but not paid to date £
Postage charges		27

No category 2 expenses have been paid during the course of the Administration.

### Charge-Out Rates

Buchler Phillips Limited's current charge-out rates effective from 1 September 2022 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

Grade	Standard Matters Hourly rate (£)	Complex Matters Hourly rate (£)
Partner	550	750
Senior Manager / Consultant	450	650
Manager	425	550
Senior Analyst	325	450
Analyst	250	350
Support Staff	195	275