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Joint administrators' progress report  
from 30 April 2019 to 29 October  
2019

***F.W.E. Realisations Limited  
formerly F.W. Evans Cycles  
(UK) Limited***  
(in administration)

22 November 2019

High Court of Justice, Chancery Division  
Business and Property Courts in Leeds  
Insolvency and Companies List (ChD)

Case no. 1106 of 2018

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report:

Abbreviation or definition	Meaning
Firm/PwC	PricewaterhouseCoopers LLP
Administrators/we/us/our	David Robert Baxendale and Ian David Green (and formerly Matthew Boyd Callaghan who has now left the firm)
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
the Company	F.W.E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
Preferential creditors	Creditors with claims for: <ol style="list-style-type: none"><li>1. unpaid wages for the whole or any part of the period of four months before 30 October 2018 (up to a maximum of £800);</li><li>2. accrued holiday pay for any period before 30 October 2018, and</li><li>3. unpaid pension contributions in certain circumstances.</li></ol>
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the IA86 (Prescribed Part) Order 2003
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured creditors	Creditors who are neither secured nor preferential
Proposals	The joint administrators' proposals for achieving the purpose of administration, dated 5 November 2018
the Purchaser	Three companies all of whom are ultimately owned by Sports Direct International Plc. The business now trades as Evans Cycles Limited, formerly SDI (Propco 78) Limited.
Addleshaws	Addleshaw Goddard LLP
Dentons	Dentons LLP
HSBC	HSBC Bank Plc
AIB	Allied Irish Bank Plc
ECI	ECI Partners LLP
Secured Creditors	HSBC, AIB & ECI
LtO	Licence to Occupy
ROT	Retention of Title

# Key messages

## Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six months from 30 April 2019 to 29 October 2019. Creditors may wish to read this report in conjunction with our previous report and our Proposals, both of which continue to be available on our website at [www.pwc.co.uk/evanscycles](http://www.pwc.co.uk/evanscycles). The information provided in those reports is not repeated here unless considered necessary or beneficial for the purposes of this update.

Please get in touch with May Mehdi on 0113 289 4742 if you need any of the passwords to access the reports.

## How much creditors may receive

The following table summarises the possible outcome for creditors\*, based on what we currently know.

Class of creditor	Previous estimate (p in £)	Current estimate (p in £)	Timing
Secured creditors			
HSBC / AIB	36	37	3-6 months
ECI	Nil	Nil	N/A
Preferential creditors	N/A	N/A	N/A
Unsecured creditors	Less than 2.4	Less than 2.2	3-6 months

*\*Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

### Secured creditors

We have estimated that HSBC and AIB are expected to share distributions totalling c£10.5m which represents 37% of their total indebtedness. To date, we have made distributions of £10.1m to these lenders and therefore further distributions are estimated at £0.4m. Due to the order of priority between the charge holders, ECI is not expected to recover any of its debt.

We report to HSBC and AIB separately with regards to the periodic release of funds to them and a further update is being issued around the time of this report.

### Preferential creditors

All of the Company's employees transferred to the Purchaser and therefore we are not anticipating any preferential claims.

### Unsecured creditors

We stated in our Proposals that we believed there will be no funds to distribute to unsecured creditors, other than via the prescribed part, at the maximum value of £600,000. Payment of the dividend will follow the agreement of creditor claims and we had originally anticipated it may have been possible to distribute the funds and close the administration, prior to its anniversary.

However, creditor claims will include any residual claims made by landlords once the Company's interests in the various leasehold properties has been transferred to the Purchaser (or the properties vacated); and the Purchaser has required a longer period to deal with these matters. Consequently, we now expect the dividend will be paid in around three to six months' time.

We explain in this report the steps we have taken to protect the creditors' interests from (1) the incremental costs arising from the Purchaser's extended occupation of the properties and (2) the risks of the Purchaser being unsuccessful in mitigating one of the largest potential unsecured landlord claims.

We also explain in this report our latest view on the dividend level based on the claims received to date.

### *What you need to do*

If you have not yet submitted your claim, please do so as soon as possible. A claim form can be downloaded from our website at [www.pwc.co.uk/evanscycles](http://www.pwc.co.uk/evanscycles) or you can get one by telephoning Conor Beatty on 020 9041 5669 or by emailing [creditor.services@uk.pwc.com](mailto:creditor.services@uk.pwc.com).

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified when we deliver notice of our intention to pay a dividend of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

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# ***Recap on the administration***

As advised in our first progress report and in our Proposals, the Company's business and assets were sold via a pre-packaged sale shortly following our appointment on 30 October 2018. The transaction represented the successful rescue of the Company's trading operations and secured the transfer of all the Company's employees.

Our work in the administration was therefore expected to focus on the key areas set out below. In our first progress report we explained our progress in each of these areas, a reminder of which is included below. All of these matters were incomplete or still ongoing at the time of our last report.

## ***Collecting the book debts and cash in transit***

We had successfully recovered book debts and cash in transit totalling £2.18m and £568k respectively, from a variety of different sources. Future recoveries in the region of £180k to £315k were expected to arise from agreed payment plan instalments due from V12 Finance and the release of the PayPal retention (subject to the level of processed customer refunds).

## ***Managing the Company's leasehold property portfolio***

The Company had an interest in 75 leases. During the first six months of the administration, 24 were transferred to the Purchaser and nine stores were vacated. Whilst the Purchaser continued to occupy the stores under licence (prior to vacation or transfer), we continued to receive licence fees in order to discharge the Company's ongoing obligations under the leases. At the time of our last report, we were holding funds of £876k (excluding VAT) in relation to potential payments to landlords.

Dealing with the leasehold properties (and landlord claims) was expected to be the key issue in determining the timing for distributing the prescribed part fund and closing the administration.

## ***Overseeing the resolution of ROT claims***

As part of the sale transaction, the Purchaser is obliged to deal with all ROT claims, which had a value initially estimated at over £10m. Our work has been limited to forwarding any ROT claims received to the Purchaser and monitoring the resolution of claims. We previously reported that the Purchaser believed all ROT claims had been resolved, although at the time, we had not received full information on the settlements reached.

## ***Agreeing creditor claims and distributing the prescribed part fund***

We had received 173 claims (£10.4m) and admitted 164 of them (£5m) for dividend purposes. We had also dealt with over 1,000 queries from creditors.

## ***Fulfilling our statutory obligations as joint administrators***

Throughout the administration we must deal with several one-off and periodic statutory and regulatory duties. In the first six months of the administration, these included: issuing our Proposals to creditors, seeking approval to the basis of our remuneration and reviewing the conduct of the Company's directors and submitting our findings to the Insolvency Service.

## ***Dealing with the Company's affairs***

Whilst there continues to be receipts and payments in the administration, we will need to fulfil the Company's ongoing obligations to prepare and submit returns to HMRC for tax and VAT purposes. In our last report, we confirmed that we had submitted the first VAT return for the administration and attended to a number of other VAT related matters.

In the remainder of this report, we provide an update on each of the above, and other relevant matters in the administration.

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# ***Progress since we last reported***

## ***Property matters – LtO extensions***

The LtO agreed at the time of the sale of the business expired in July 2019. Without any extension, the Purchaser would have been required to vacate any properties not formally transferred to them by that date. The Purchaser therefore requested an extension to the licence, to give them further time to deal with the remaining properties.

We considered three months was appropriate in order to maintain focus and momentum, and so the licence was extended to October 2019. It was also necessary to seek consent from the Secured Creditors to extend the period of the administration, since extending the LtO would prevent the administration from ending before its automatic expiry on its one-year anniversary.

A condition of the LtO extension was that all associated costs would be met by the Purchaser (please see the Creditors section for further detail). These included direct costs in managing the property portfolio and incremental costs in the administration, including extended VAT accounting and additional statutory reporting to creditors.

Towards the end of September 2019, the Purchaser approached us to request a further extension to the LtO for a period of two months. This extension was granted on the same basis as previously, being that:

- tangible progress in transferring the leases was being made;
- successfully transferring properties should continue to reduce unsecured claims against the Company and improve dividend prospects for other creditors; and
- all associated costs would again be met by the Purchaser.

However on this occasion, given the further delay in being able to distribute the prescribed part fund, we also requested a cash indemnity from the Purchaser to protect the level of the dividend. Please see the Creditors section for further details.

In addition to the above, the Purchaser is discharging our direct legal costs associated with the surrender and assignment of leases along with any costs connected with the vacation of stores. Our solicitors are in regular communication with both the Purchaser and its legal advisers regarding their intentions for the remaining properties.

## ***Property matters - lease assignments and surrenders***

Since our last report, the Purchaser has entered into new leases on 30 properties and a further two stores have been vacated. This leaves only 10 remaining leases to be dealt with before the current LtO expires in early January 2020.

Where required, we have issued surrender letters to landlords. However at present, these have not been accepted. In respect of all vacated properties, we have made the final payment for the period up to vacation. Any other amounts owing under the leases will rank as unsecured claims in the estate.

## ***Property matters- licence fees and rent***

In the six months ended 29 October 2019, we received licence fees from the Purchaser totalling £810k (plus VAT). Monthly payments are made to landlords and in the same six-month period, payments totalling £1.17m were made (plus VAT where charged). This includes payments in respect of earlier periods as payments are only made on receipt of a valid and accurate invoice.

In Appendix A, we have included an account of the property related receipts and payments. This shows the amounts paid and received in the period covered by this report and the total for the administration to date. It also shows the amount of property legal costs incurred (funded by the Purchaser) and contributions received in respect of our costs. Excluding VAT, we are holding funds in the region of £587k which will be used to discharge rent obligations and our costs, with any amount left over being refunded to the Purchaser.

Whilst the number of properties still to transfer is continually reducing, our work in this area remains time consuming and includes:

- dealing with numerous landlord enquiries, in particular in relation to incorrect invoicing and property/lease specific queries; and
- calculating, maintaining, reconciling and agreeing property-by-property accounts for licence fees, rent, service charges and insurance.

This work will continue until such time as the remaining properties are transferred or vacated.

In the following sections, we provide an update on other asset realisations in the period. Where potential future recoveries may exist, had the extension to the LtO and necessary extension to the period of the administration not been agreed, it would likely have been necessary to write these off or seek to sell the Company's interest to a third party. There was little evidence to suggest that extending the administration only to pursue these recoveries would have been in the interests of creditors, given the uncertainty of any further recoveries and the costs that would be incurred.

However, with the extensions in place, we intend to resolve each of the outstanding matters in an appropriate and orderly manner.

## *Book debts*

### *Ride to Work ("R2W")*

At the time of our last progress report, we had recovered £909k (against an opening ledger of £1.2m) and we were conducting a review of the outstanding balances. We prudently assumed that further recoveries were unlikely, however despite this we successfully recovered a further £25k, bringing total R2W receipts to £934k.

We have also recently been liaising with the Purchaser with regards to amounts recovered by the Purchaser from employees of the business (through salary deductions), in relation to bike purchases prior to the administration. We will confirm in our next report the value of any additional recoveries in this regard.

Aside from the above, we will be conducting a final review and expect to cease all further debt collection efforts shortly, on the basis that collection costs will now outweigh any benefits.

We also explained previously that we had identified customer overpayments of £55k (42 customers) and had commenced the refund process. All overpayments have now been refunded by cheque. We are soon to undertake to review of unbanked cheques that remain outstanding and reissue as appropriate.

### *Cyclescheme*

We have now concluded the novation of the Cyclescheme agreement. In doing so, we made a £5k full and final settlement in respect of further claims received against the amount paid to the Company following our appointment. Given the relatively low sum and desire to avoid any further liabilities, we believe this was the most appropriate course of action.

The final amount recovered from the Cyclescheme debt therefore totals £914k. We have now concluded our work on this matter.

### *Gift cards and other*

We previously reported gift card recoveries of £171k from an opening ledger totalling £428k. However, we received a further amount of £104k from two customers that required further investigation. One of the two customers has confirmed settlement of their account, resulting in an additional recovery for the estate of £57k. The second amount of £47k continues to be held on account until the position has been clarified.



In addition to the above, we've received a further £1.7k and £0.7k in respect of other gift card and non-gift card debts. No further recoveries are expected.

### *V12 Finance*

As advised in our last progress report, we received a payment shortly after our appointment of £20k. We subsequently finalised an agreement with V12 to settle their account at £275k (including a £47k retention for potential customer remediation costs), with the first payment of £115k being received in March 2019.

The enclosed receipts and payments account shows the subsequent instalment of £83k. The final instalment was available in October 2019, however we also discussed a potential settlement in respect of the retention. We can confirm that after the period covered by this report, we received £52k representing the final instalment on the payment plan and a partial release of the retention mentioned above.

We will be liaising with V12 again in due course regarding any additional release from the retention, however we do not expect the amount to be significant.

## *Cash in transit*

### *Barclaycard*

We previously reported total recoveries of £503k and during the period we have recovered an additional £1.4k in respect of funds held in one of the Company's foreign currency accounts, after agreeing the split of funds held with the Purchaser. We remain in ongoing discussions with Barclaycard regarding any further payments to the Company, however at the present time, the timing and quantum remains uncertain.

### *PayPal*

The only expected recovery from this source was the release of a £265k retention held by PayPal at the time of our appointment. However, the amount we expected to receive would be reduced by the level of customer chargeback claims, which totalled c£55k shortly after our appointment.

The retention was released by PayPal and we ring-fenced an amount of £250k until such time that the Purchaser completed a significant reconciliation of the PayPal account. This matter has now been resolved and the final amount due to the Company was £186k.

Similar to Barclaycard above, the only other PayPal receipt in the period was £1k recovered from an allocation of funds held in a pre-administration account. The total recoveries of £187k can be seen on the enclosed receipts and payments account. No further recoveries are expected.

## *Class action claim*

As advised in our previous report, the Company is part of class action claims in respect of inflated credit card interchange fees and alleged price fixing by truck manufacturers. These are currently ongoing and we are assessing potential assignments to third parties, to allow the Secured Creditors to derive any potential value without needing the administration to remain open.

## *Bank interest*

During the period covered by this report, some £8.2k has been received in respect of bank interest accruing on the funds held in the administration bank accounts.

## *Sundry debts & refunds*

In the period, we've realised £17.4k in respect of sundry debts and refunds, which consists mainly of business rates refunds recovered by our specialist agents, CAPA.

## *ROT*

As advised previously, the Purchaser is obliged to deal with all ROT claims with an initial estimated value of £10.4m. Since our last progress report, the position has not changed. We are continuing to pursue the Purchaser for details on the resolution of all claims. In the meantime, we have not received any correspondence from third parties to suggest that any claims are yet to be dealt with.

If any creditor believes that they still have a valid ROT claim, please get in touch with May Mehdi on [mayssoon.mehdi@pwc.com](mailto:mayssoon.mehdi@pwc.com) or on 0113 289 4742.

## *Other assets*

Since our previous report, we have been notified by the Purchaser of a compensation order in relation to a former employee, who has been ordered by the Court to pay the Company a total of £51k via instalments (starting from August 2019). To date, we understand that the Court is holding a total of £14.5k on account. Our solicitors are assisting us in the recovery of these funds.

Our costs and our legal advisers' costs for dealing with this matter to date are in the region of £3.5k, meaning that compensation payments to date have already generated a net benefit for the administration estate.

## *Creditors*

### *Claims received and admitted*

A dividend to unsecured creditors is expected from the prescribed part fund of £600k (before costs). As explained earlier, we had previously admitted claims with a total value of £5m. During the period covered by this report, we have agreed further claims totalling £6.7m.

A review of claims submitted by creditors who had also made an ROT claim, has been undertaken. Where appropriate, creditors were asked to resubmit their claims to ensure that the settlement agreed with the Purchaser was accurately reflected. As such, we have since seen a reduction in the value of certain claims, however we expect the total level of claims could still significantly increase once more landlord claims are received.

We are continuing to progress the agreement of creditor claims in a manner considered to be most cost effective (given the different types of creditors, for example: unredeemed gift cards, VAT Retail Export Scheme customers, ROT creditor claims and landlord claims).

### *Dividend estimate*

We previously estimated a dividend of 2.4p/£, based only on a maximum prescribed part fund of £600k and the level of liabilities reported in the directors' statement of affairs. Based on present information and claims received to date, we are now expecting a distribution of less than 2.2p/£, but again, this is subject to change as further claims are submitted.

The above estimates do not include the costs of agreeing claims and distributing the prescribed part which are payable from the funds itself, with the net amount available for creditors. In our remuneration report we estimated that such costs could be £80k (of which £55k has been incurred to date) and we are keeping this under close review.

### *Indemnity for costs*

We agreed to give the Purchaser further time to secure a transfer of the remaining properties, because it could reduce the value of unsecured claims received from those landlords (and avoid diluting the dividend amount). One landlord in particular has a potentially significant claim.

However, there is a risk that the Purchaser is unsuccessful in its negotiations and leaves the administration with the landlord claims, in addition to the delay in being able to distribute the prescribed part fund.

Therefore, we have agreed that the Purchaser will indemnify the prescribed part fund, such that the level of dividend is not affected by any claim received from a certain landlord. As the prescribed part has a statutory maximum level (of £600k), the indemnity is a contribution to the costs of agreeing claims and distributing the fund. The cash indemnity is refundable in full only if the landlord claim is not received. The indemnity has been received, however this will not show on the receipts and payment account as it was outside the scope of the reporting period.

We are preparing to issue a Notice of Intended Dividend to unsecured creditors in January 2020 and distribute the prescribed part by April 2020.

## *VAT*

During the period since our last report, we have prepared and submitted the second and third quarterly VAT returns and preparation of the fourth VAT return is now in progress, principally relating to the receipts and payments in respect of licence fees and rent payments on the remaining leasehold properties.

We have also carried out further work to release the Company from its EU VAT registrations and filing obligations in the various territories, with pre-appointment liabilities totalling c£3.4m. This work has been necessary to avoid any post-appointment obligations, liabilities or penalties. To date, we have received confirmations of deregistration from all but three of the territories where the Company held active registrations. We will continue work in this area to ensure that the administrators' obligations are fulfilled.

We have requested HMRC's claim in the administration in terms of indirect taxes (VAT), however we are yet to receive this. Once received, we will look to adjudicate upon the claim.

## *Changes of administrator*

Due to internal leadership restructuring within PwC, Ian David Green, one of the joint administrators, intends to resign as joint administrator of the Company, and an application to Court has been made to remove him.

To ensure that outstanding issues in the administration continue to be pursued, an application has been made to appoint Mark James Tobias Banfield as joint administrator. Mark James Tobias Banfield is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The application is yet to be considered, however this is expected imminently and creditors will be informed of the Court's decision.

## *Investigations and actions*

As previously advised, three months following our appointment, we fulfilled our statutory obligations and filed our submissions on the conduct of the directors of the Company with the Insolvency Service, the contents of which are confidential.

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP 2.

## *Our receipts and payments account*

We set out in Appendix A, an account of our receipt and payments in the administration for the period 30 April 2019 to 29 October 2019.

## *Expenses of the administration*

We set out in Appendix B, a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

## *Extension of the administration*

During the period, we asked the Secured Creditors to grant an extension to the statutory one-year period of the administration of the Company. The extension was granted and the administration must now be concluded before 29 October 2020, unless further extended by an order of the Court.

## *Our fees*

We set out in Appendix C, an update on our remuneration which covers our fees, disbursements and other related matters in this case.

## *Pre-administration costs*

Information on the pre-administration costs were detailed in our Proposals. On 17 June 2019, we received the third of three consents from the Secured Creditors, approving the payment of pre-administration costs of £31k as an expense of the administration. These costs have not yet been paid.

## *Creditors' rights*

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34.

This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>.

You can also get a copy free of charge by telephoning May Mehdi on 0113 289 4742.

## *What we still need to do*

The following is a summary of the key areas of our work before the administration can be concluded:

- Finalise asset realisations;
- Dealing with the 10 outstanding leasehold properties;
- Paying future and final distributions to HSBC and AIB;
- Preparing and issuing the unsecured creditor dividend by virtue of the prescribed part; and
- Concluding statutory matters including VAT and tax matters on the case.

## *Next steps*

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner. If you've got any questions, please get in touch with May Mehdi on 0113 289 4742.

Yours faithfully  
For and on behalf of the Company



David Baxendale  
Joint administrator

*David Robert Baxendale and Ian David Green have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.*

*The joint administrators are bound by the Insolvency Code of Ethics which can be found at:*  
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

*The joint administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the joint administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint administrators.*

# Appendix A: Receipts and payments

Statement of Affairs £	From 30/04/2019 To 29/10/2019 £	From 30/10/2018 To 29/10/2019 £	
	<b>ASSET REALISATIONS</b>		
2,478,652.00	Bank Interest Gross	8,269.75	22,143.06
	Book Debts		
	Ride To Work	24,635.02	933,941.79
	Cyclescheme	(4,989.66)	913,555.95
	Gift Card	59,040.40	230,110.54
	Insurance, Corporate & Other	744.00	49,912.66
772,418.00	V12	82,955.00	217,800.90
	Cash In Transit		
	Barclaycard	1,433.08	504,122.27
	PayPal	187,366.67	187,366.67
	Amex	NIL	60,868.56
	Stores	NIL	4,890.39
677,815.00	Prepayments - Rent & Service Charge	NIL	677,669.85
2.00	Sale of business	NIL	13.00
7,937,987.00	Stock	NIL	7,878,522.00
	Store Floats	NIL	62,000.00
	Sundry Debts & Refunds	17,451.42	85,059.58
	Third Party Funds - Debtor Overpayme	(46,288.18)	2,350.00
	Trading Surplus/(Deficit)	(288,245.74)	587,379.04
		<u>42,371.76</u>	<u>12,417,706.26</u>
	<b>COST OF REALISATIONS</b>		
	Agents' Fees - Property & Assets	835.49	3,602.01
	Bank Interest & Charges	NIL	30.00
	Debt Collection Fees	NIL	5,025.76
	Duress Payments	NIL	1,446.06
	Insurance	2,492.00	7,756.00
	Legal fees & Expenses	20,754.10	20,754.10
	Statutory Advertising	NIL	875.00
	Storage Costs	(1,194.96)	6,228.06
		<u>(22,886.63)</u>	<u>(45,716.99)</u>
	<b>CREDITORS</b>		
(61,385,970.00)	Floating Charge Creditors	2,100,000.00	10,105,473.04
(59,465.00)	Preferential Creditors	NIL	NIL
(25,708,746.00)	Trade & Expense Creditors	NIL	NIL
		<u>(2,100,000.00)</u>	<u>(10,105,473.04)</u>
<b>(75,287,307.00)</b>		<b><u>(2,080,514.87)</u></b>	<b><u>2,266,516.23</u></b>
	<b>REPRESENTED BY</b>		
	Barclays Bank - General		1,240,555.75
	Barclays Bank - Prescribed Part		602,581.58
	Barclays Bank - Rent account		490,933.65
	Suspense Account		(117,241.39)
	Vat Control Account		(31,716.95)
	Vat Payable		(81,348.42)
	VAT Receivable		162,752.01
			<u><b>2,266,516.23</b></u>

## Joint administrators' property account\*

Statement of Affairs £	From 30/04/2019 To 29/10/2019 £	From 30/10/2018 To 29/10/2019 £
<b>PROPERTY INCOME</b>		
Contributions to Legal Costs	32,805.50	50,762.00
Funding for LTO extension costs	70,000.00	70,000.00
Licence Fees - Insurance	38,532.57	49,242.97
Licence Fees - Overpayment	NIL	(0.17)
Licence Fees - Rent	706,737.43	2,622,580.10
Licence Fees - Service Charges	<u>64,309.72</u>	<u>263,656.79</u>
	912,385.22	3,056,241.69
<b>PROPERTY COSTS</b>		
Insurance	24,279.99	31,064.97
Legal Costs - Lease Assignments	32,805.50	50,762.00
Rents	1,057,945.68	2,196,548.80
Service Charges	<u>85,599.79</u>	<u>190,486.88</u>
	(1,200,630.96)	(2,468,862.65)
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(288,245.74)</b>	<b>587,379.04</b>

\* Referred to as "Trading Surplus/(Deficit)" on previous page

### Notes to the receipts and payments account

1. All amounts shown exclude VAT unless otherwise stated. The VAT balances collectively represent the amount payable / receivable at the period end and to be included on the Company's next VAT return.
2. The statement of affairs (estimated to realise) balances for Book Debts and Cash in Transit were as at close of business on 29 October 2018, however receipts on the 30 October 2018, prior to our appointment, have been retained by the Bank as pre-appointment receipts.
3. The balance shown in the suspense account of c£117k includes:
  - £46k in respect of funds held for gift cards; and
  - £71k in respect of funds received into the pre-appointment bank account, belonging to the Purchaser. This was paid over on 31 October 2019, just after the period covered by the receipts and payment account.
4. In Appendix C, we explain that work has been sub-contracted out (that would otherwise be done by us), and the amounts paid for those services during the period to CAPA total £0.8k.
5. We have shown all transactions in relation to the management of the Company's leasehold property portfolio in the above Property Account. As at 29 October 2019, we were holding funds totalling £587k (excluding VAT) due either to landlords or the Purchaser.
6. The balance of 'third party funds – debtor overpayments' of £2,350 represents cheques returned that will be reissued in due course.

## Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and include our fees, but exclude distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Brought forward from preceding period £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £	Initial estimate £	Variance £
Agents' fees- property & assets	2,767	835	3,602	535	4,137	4,137	-
Duress payments	1,446		1,446	-	1,446	1,446	-
Debt collection fees <sup>1</sup>	5,026	-	5,026	-	5,026	-	5,026
Storage costs <sup>2</sup>	7,423	(1,195)	6,228	5,000	11,228	8,000	3,228
Statutory advertising	875	-	875	875	1,750	1,750	-
Insurance	5,264	2,492	7,756	1,208	8,964	8,964	-
Bank charges	30	-	30	120	150	150	-
Legal fees & disbursements	20,612	17,822	38,434	11,566	50,000	50,000	-
<b>Total</b>	<b>43,443</b>	<b>19,954</b>	<b>63,397</b>	<b>19,304</b>	<b>82,701</b>	<b>74,447</b>	<b>8,254</b>

Note 1. This is in relation to commission deducted at source by a debt collection agent, which has been included as an expense to allow for input VAT recovery.

Note 2. As per the terms of the SPA, the Purchaser was obliged to retain possession of certain books and records until the end of the initial (12-month) administration term. A provision has been added here for the estimated future storage costs of these records. We received a credit during the period of this report, making the total cumulative cost for storage to date, £6,228.

# Appendix C: Remuneration update

## *Fees approved on a time cost basis*

In our Remuneration Report dated 5 March 2019, we proposed that our fees be determined on a time costs basis and we gave an estimate for those fees of £780k. Included in that amount, was an estimate of £80k for dealing with the agreement of creditor claims and distributing the prescribed part fund, which is payable from the fund itself with the net amount being distributed to creditors.

In accordance with insolvency legislation and in the circumstances of this case, it was for the Secured Creditors to consider the above proposal; and their consent was duly obtained. To date, we have not drawn any fees. Whilst this is our first report since the approval was given, in our previous report we did include details of the costs incurred and an explanation of the work involved (none of which is therefore repeated in this report).

In this Appendix, we have provided details on the time costs incurred in the period of this report, the total time costs for the administration since our appointment and a comparison to the above estimate. We also give an indication on the likelihood of seeking further approval to draw fees in excess of the fees estimate.

## *Fees as a percentage of realisations*

As we subsequently extended the Purchaser's right to remain in various leasehold properties, it became clear that we would start incurring costs principally for the benefit of the Purchaser. Therefore, the Company periodically invoices the Purchaser for our time in attending to matters arising as a result of its extended occupation of the properties.

We asked the Secured Creditors to agree that we can draw fees in relation to this work, calculated as 100% of the VAT-exclusive amount invoiced by the Company. This mechanism was chosen in order to avoid interfering with the fees estimate above, given the indeterminate amount of work involved.

To date, both HSBC and AIB have consented to this proposal and we are awaiting a response from ECI.

## *Our hours and average rates (this period only)*

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost	Average rate per hour
<b>Strategy and planning</b>									
Project management	1.4	2.7	2.8	2.4	-	3.7	12.8	6,315	493
<b>Asset realisation</b>									
Sale of business	-	-	10.5	0.1	0.9	0.3	11.8	5,701	483
ROT	-	-	1.4	0.4	4.6	8.2	14.6	3,737	257
Book debts and cash-in-transit	0.3	-	18.6	1.1	-	9.9	29.8	11,740	395
Property	-	-	9.7	35.7	0.4	105.9	151.7	39,617	261
<b>Costs of the insolvency process</b>									
Initial letters & notices	-	-	-	-	-	-	-	-	-
Reporting to creditors	-	-	5.8	6.9	-	17.2	29.9	8,371	280
Other statutory & compliance	-	-	2.9	20.9	8.3	22.2	54.3	16,471	303
Statement of affairs	-	-	-	-	-	-	-	-	-
<b>Managing the Company's affairs</b>									
Accounting & treasury	-	-	4.0	5.7	20.7	44.6	75.0	21,138	282
Pensions	-	-	0.1	-	-	-	0.1	84	840
Tax	-	-	0.8	10.0	10.3	7.5	28.5	12,353	433
VAT	-	-	18.8	4.5	22.4	103.4	149.1	44,185	296
Other stakeholders	-	-	-	-	-	-	-	-	-
Group matters	-	-	-	-	-	-	-	-	-
<b>Dealing with creditors</b>									
Secured creditors	1.0	1.0	24.5	1.5	-	2.4	30.3	14,859	490
Unsecured creditors (claims agreement)	-	-	11.7	1.8	33.3	53.5	100.2	25,729	257
Creditor enquiries	-	-	-	2.5	2.4	20.4	25.3	5,615	222
Press, PR & websites	-	-	-	-	-	0.5	0.5	90	180
<b>Grand Total</b>	<b>2.6</b>	<b>3.7</b>	<b>111.5</b>	<b>93.4</b>	<b>103.2</b>	<b>399.4</b>	<b>713.6</b>	<b>216,002</b>	<b>303</b>



The previous table shows only the time for which our fees are based on a time cost basis. It does not include the work described above which is being done for the principal benefit of the Purchaser, as this does not impact the creditors of the Company.

The following table shows the cumulative position for the administration, an estimate of future costs and a comparison to the initial fees estimate.

Work category	Total hours (to date)	Total cost (to date)	Estimated future hours	Estimated future cost	Estimated total hours	Estimated total cost	Fees estimate	Variance
<b>Strategy and planning</b>								
Project management	69.1	33,299	23	7,000	92	40,299	60,802	20,503
<b>Asset realisation</b>								
Sale of business	77.7	37,380	8	2,500	86	39,880	31,354	(8,526)
ROT	49.3	15,497	5	1,500	54	16,997	18,212	1,215
Book debts and cash-in-transit	211.5	87,388	29	8,853	240	96,240	96,240	-
Property	584.8	138,398	-	-	585	138,398	159,723	21,325
<b>Costs of the insolvency process</b>								
Initial letters & notices	69.7	19,830	-	-	70	19,830	19,821	(9)
Reporting to creditors	78.3	29,041	16	4,818	94	33,859	33,859	-
Other statutory & compliance	206.2	59,885	24	7,500	231	67,385	37,620	(29,765)
Statement of affairs	8.2	2,462	-	-	8	2,462	2,462	-
<b>Managing the Company's affairs</b>								
Accounting & treasury	205.6	55,891	20	6,000	225	61,891	68,349	6,459
Pensions	11.5	5,481	2	500	13	5,981	6,487	506
Tax	35.1	14,495	24	7,500	60	21,995	19,296	(2,699)
VAT	268.3	87,114	49	15,000	317	102,114	54,633	(47,481)
Other stakeholders	0.5	138	-	-	1	138	138	1
Group matters	0.2	70	-	-	0	70	70	0
<b>Dealing with creditors</b>								
Secured creditors	111.8	51,643	16	4,772	127	56,415	56,415	-
Unsecured creditors (claims agreement)	229.6	55,274	81	24,814	311	80,088	80,088	-
Creditor enquiries	141.3	29,855	2	750	144	30,605	32,458	1,853
Press, PR & websites	10.3	2,415	2	500	12	2,915	2,001	(914)
<b>Grand Total</b>	<b>2,368.4</b>	<b>725,554</b>	<b>300</b>	<b>92,006</b>	<b>2,669</b>	<b>817,560</b>	<b>780,028</b>	<b>(37,533)</b>

As the table shows, it is possible we may exceed our initial fees estimate and as a result, a further proposal to the Secured Creditors may be necessary at the appropriate time. The main reasons that our costs may exceed our fees estimate are set out below:

- The Company was subject to a VAT inspection by HMRC and time was unexpectedly required in preparing for and managing the inspection, plus responding to queries raised. There were no adverse findings during the inspection and our costs for the process totalled in the region of £12k.
- Certain customers of the business have continued to make payments into the Company's pre-administration bank account, despite the invoice being raised by (and payable to) the Purchaser in respect of sales made after the business transferred. Therefore, the regular monitoring of that account (and transfer of funds) has continued longer than expected, despite a credit block on the account mitigating (but not completely avoiding) the volume of receipts.
- Our work on property matters and associated VAT accounting was more time consuming than anticipated, in part due to the lack of co-operation from a significant number of landlords. From 31 July 2019 (when the first LtO expired) these costs are being funded by the Purchaser.
- The additional time for 'Other statutory & compliance' work includes a range of different issues including: liaising with brokers in relation to insurance claims received, discussions with the Purchaser regarding books and records and attending to generally higher volumes of incoming correspondence and other queries.

As we draw closer to issuing our Notice of Intended Dividend to creditors, we will be assessing whether the estimated costs for dealing with unsecured creditor claims continue to be accurate. Accordingly, it may be necessary to increase the estimate in this area also.

We will update creditors on the outcome of any further approval given by the Secured Creditors in our next report.

## *Our time charging policy and hourly rates*

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

<b>Grade</b>	<b>Up to 30 June 2019 £/hour</b>	<b>From 1 July 2019 £/hour</b>
Partner	640 (890)	690 (910)
Director	540 (780)	595 (800)
Senior Manager	465 (590)	515 (605)
Manager	365 (510)	405 (525)
Senior Associate	275 (425)	310 (435)
Associate	180 (265)	210 (270)
Support staff	95 (135)	120 (140)

The charge-out rates in brackets represent rates applicable to staff based in London (or central functions) who charge a relatively small number of hours. In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

<b>Grade</b>	<b>Up to 30 June 2019 £/hour</b>	<b>From 1 July 2019 £/hour</b>
Partner	1,520	1,520
Director	1,390	1,465
Senior Manager	1,230	1,290
Manager	770	775
Senior Associate	570	575
Associate	305	305
Support staff	250	250

## Payments to associates

We have not made any payments to any associates in the period covered by this report.

## Our work during the period

As advised earlier in this report, there are tasks that need to be undertaken as a result of the extension of the LtO and the administration (not including closure and other tasks that would be incurred in any event) and the costs of these are being met entirely by the Purchaser (including legal fees and expenses) for the period after 31 July 2019. These tasks include the following:-

- Drafting and completing legal documents relating to the properties;
- Our time spent in relation to extension matters;
- Reporting to the Secured Creditors to seek their consent to the extension and to draw fees in relation to the costs set out therein;
- Notice of the extension to Companies House and the Company's creditors;
- Ongoing calculation of monthly licence fees and applications for payment;
- Verification of landlord invoices and query resolution;
- Monthly batch payments to landlords;
- Ad hoc completion payments;
- Drafting and issuing a progress report to creditors for the six month period ending 29 October 2019;
- An additional regulatory file review;
- Ongoing insurance requirements for the remaining leasehold properties;
- Quarterly VAT returns after 31 July 2019; and
- General other work arising from the prolonged period of administration, including responding to creditor queries, updating secured creditors.

To 29 October 2019, we incurred £37k in respect of some of the above and the Purchaser has paid us in advance of the work. As at 29 October 2019, we were holding funds totalling £70k. Should our time costs for completion of this work not exceed this amount, the balance will be refunded to the Purchaser.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of our work:

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
<b>Assets</b>	Property	<ul style="list-style-type: none"><li>• Issuing correspondence with individual landlords and managing agents for obtaining correct invoices in a timely manner;</li><li>• Creating and maintaining records for the periodic receipt of licence fees and payment of rent and other obligations under the terms of the LtO;</li><li>• Liaising with Addleshaws on a variety of legal matters including the surrender, assignation and forfeiture of various lease agreements;</li><li>• Compiling and issuing of monthly licence fee invoices to the Purchaser; and</li><li>• Preparation of monthly batch rental payments to landlords of the properties.</li></ul>
	Debtors	<ul style="list-style-type: none"><li>• Reconciliation of the Company's former bank account where debtor payments were continuing to be made;</li><li>• Chasing remaining debtors and corresponding with them regarding payment if appropriate; and</li><li>• Ensuring payments are coded up on IPS.</li></ul>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
	Retention of title claims	<ul style="list-style-type: none"> <li>• Maintaining a retention of title file and ensuring updates are obtained from the Purchaser on a regular basis;</li> <li>• Passing on claimants information to the Purchaser to ensure that they are dealt with in due course;</li> <li>• Corresponding with claimants regarding their remaining unsecured claim once settlements with the Purchaser have been agreed; and</li> <li>• Liaising with the Purchaser and their legal advisors with regards to concluding the ROT claims position.</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identifying potential issues requiring attention of insurance specialists;</li> <li>• Corresponding with post-appointment insurers regarding ongoing insurance requirements; and</li> <li>• Communications with our appointed insurance brokers for them to assess and if relevant pass on information to the Company's pre appointment insurers.</li> </ul>
<b>Creditors</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>• Maintaining and updating the content of the dedicated website for delivery of initial and ongoing communications and reports;</li> <li>• Maintaining a dedicated mailbox for creditor enquiries;</li> <li>• Receiving and following up creditor enquiries via telephone, email mailbox and post; and</li> <li>• Reviewing and preparing correspondence to creditors and their representatives.</li> </ul>
Although it has no direct financial benefit, during the course of the administration we must respond to queries received and update the secured creditors regarding their proprietary interests in the Company's assets.	Secured creditors	<ul style="list-style-type: none"> <li>• Preparing quarterly updates to secured creditors;</li> <li>• Maintaining communications and responding to secured creditors' queries; and</li> <li>• Making distributions in accordance with security entitlements.</li> </ul>
The agreement of creditor claims is a necessary step in determining each creditor's entitlement and share of any funds available.	Unsecured claims	<ul style="list-style-type: none"> <li>• Dealing with proofs of debt for dividend purposes;</li> <li>• Preparing correspondence to potential creditors inviting lodging of proof of debt;</li> <li>• Receiving proofs of debt and maintaining creditor claims records;</li> <li>• Adjudicating claims, including requesting further information from claimants; and</li> <li>• Preparing correspondence to creditors advising the outcome of adjudication.</li> </ul>
<b>Dealing with the insolvency process</b>	Books and records	<ul style="list-style-type: none"> <li>• Arranging for the delivery of the Company's books and records where not related to investigatory work; and</li> <li>• Dealing with records in storage.</li> </ul>
Our work in these various areas arise from statutory obligations which do not directly have any financial benefit to creditors.	Reporting to creditors	<ul style="list-style-type: none"> <li>• Preparing and issuing our first report to creditors on the progress of the administration in the six months following our appointment.</li> </ul>
However, we have a duty to perform our work effectively in order to mitigate our costs.	Case reviews	<ul style="list-style-type: none"> <li>• Conducting the first six-monthly case review; and</li> <li>• Dealing with statutory and other case management prompts on internal systems and keeping these up-to-date.</li> </ul>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
<p><b>Strategy and planning</b></p> <p>Appropriate and robust oversight of the administration is required in order to ensure it progresses on a timely basis in accordance with agreed strategies.</p>	Project management and administrator oversight	<ul style="list-style-type: none"> <li>Monitoring costs against fee budget;</li> <li>Setting goals and deadlines in order to further progress outstanding matters in the administration;</li> <li>Ensuring that all matters in the initial strategy are followed; and</li> <li>Holding team meetings and discussions regarding status and progress of the administration.</li> </ul>
<p><b>Managing the Company's affairs</b></p> <p>Our work in these various areas arise from obligations on the Company, including statutory and regulatory obligations which do not necessarily have any direct financial benefit to creditors.</p> <p>However, it is necessary to ensure tax and VAT liabilities are accurately calculated and funds appropriately invested.</p>	<p>Tax</p> <hr/> <p>VAT</p> <hr/> <p>Accounting and treasury</p>	<ul style="list-style-type: none"> <li>Completion and submission of two corporation tax returns; and</li> <li>Ad hoc tax subsequent enquiries.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Preparing and submitting the second and third quarterly VAT returns;</li> <li>Review and maintenance of internal systems; and</li> <li>Liaising with HMRC and EU VAT authorities.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Dealing with receipts, payments and journals;</li> <li>Carrying out bank reconciliations; and</li> <li>Corresponding with the bank regarding specific transfers (including monthly batch payments of rent to landlords).</li> </ul>

## *Our future work*

We still need to do the following work to achieve the purpose of administration and in order to wind-down the Company's affairs prior to the administration ending and the Company being dissolved.

<i>Category of work</i>	<i>General description</i>	<i>Work we need to do</i>
<b>Assets</b>	Property	<ul style="list-style-type: none"> <li>Exchanges with various landlords and managing agents over obtaining correct invoices in a timely manner;</li> <li>Preparation of monthly batch rental payments to landlords of the properties;</li> <li>Continue to liaise with Addleshaws with regards to a variety of legal matters including the surrender, assignation, forfeiture of various lease agreements;</li> <li>Creating and maintaining records showing payment dates and amounts;</li> <li>Dealing with all lease agreements on remaining properties in an orderly manner to ensure that all property matters can be brought to a close prior to the end of the administration; and</li> <li>Reconciliation of internal systems in respect of property receipts and payments.</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Chasing any remaining debtors (if beneficial to do so) and corresponding with them regarding payment if appropriate; and</li> <li>Ensuring payments are coded up on IPS.</li> </ul>
	Retention of title claims	<ul style="list-style-type: none"> <li>Liaising with the Purchaser and their legal advisors with regards to concluding the ROT claims position.</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Liaising with our post appointment insurers and concluding all insurance matters on the case prior to closure.</li> </ul>
<b>Creditors</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>Maintaining and updating the content of the dedicated website for delivery of initial and ongoing communications and reports;</li> </ul>

<b>Category of work</b>	<b>General description</b>	<b>Work we need to do</b>
		<ul style="list-style-type: none"> <li>• Maintaining a dedicated mailbox for creditor enquiries;</li> <li>• Receiving and following up creditor enquiries via telephone, email mailbox and post; and</li> <li>• Reviewing and preparing correspondence to creditors and their representatives.</li> </ul>
	Secured creditors	<ul style="list-style-type: none"> <li>• Preparing final updates to secured creditors;</li> <li>• Maintaining communications and responding to secured creditors' queries; and</li> <li>• Making further and final distributions in accordance with security entitlements.</li> </ul>
	Unsecured claims	<ul style="list-style-type: none"> <li>• Dealing with proofs of debt for dividend purposes;</li> <li>• Preparing correspondence to potential creditors inviting lodging of proof of debt;</li> <li>• Receiving proofs of debt and maintaining creditor claims records;</li> <li>• Adjudicating upon all claims, including requesting further information from claimants;</li> <li>• Preparing correspondence to creditors advising the outcome of adjudication;</li> <li>• Preparing and issuing notice of intended dividend; and</li> <li>• Distributing unsecured creditor dividend by virtue of prescribed part.</li> </ul>
<b>Dealing with the insolvency process</b>	Books and records	<ul style="list-style-type: none"> <li>• Dealing with company records in storage.</li> </ul>
	Case reviews	<ul style="list-style-type: none"> <li>• Conducting six monthly case reviews ; and</li> <li>• Dealing with statutory and case management prompts on internal systems and keeping these up-to-date.</li> </ul>
<b>Strategy and planning</b>	Project management and administrator oversight	<ul style="list-style-type: none"> <li>• Monitoring costs against fee budget;</li> <li>• Setting goals and deadlines in order to further progress outstanding matters in the administration;</li> <li>• Ensuring that all matters in the initial strategy are followed; and</li> <li>• Holding team meetings and discussions regarding status and progress of administration.</li> </ul>
<b>Managing the Company's affairs</b>	Tax	<ul style="list-style-type: none"> <li>• Completion and submission of final corporation tax returns; and</li> <li>• Seeking tax clearance from HMRC.</li> </ul>
	VAT	<ul style="list-style-type: none"> <li>• Preparing and submitting further quarterly VAT returns;</li> <li>• Review and maintenance of internal systems;</li> <li>• Liaising with HMRC and concluding EU VAT matters; and</li> <li>• Deregistering the Company for VAT purposes and submitting a final return.</li> </ul>
	Accounting and treasury	<ul style="list-style-type: none"> <li>• Dealing with receipts, payments and journals;</li> <li>• Carrying out bank reconciliations; and</li> <li>• Corresponding with the bank regarding specific transfers (including monthly batch payments of rent to landlords).</li> </ul>

## Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the Secured Creditors. The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	<b>Photocopying</b> - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	<b>Mileage</b> - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
<b>Other disbursements</b>		
1	Specific penalty bond	671.00
	Postage	266.00
<b>Total</b>		<b>937.00</b>

## Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

## Professionals and subcontractors

The following table provides details of the professionals we've engaged in the administration, plus subcontractors used to undertake work that we could otherwise do ourselves.

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including: <ul style="list-style-type: none"><li>General advice following the appointment of the administrators</li><li>Assistance with legal matters in relation to the leasehold properties</li></ul>	Addleshaw Goddard LLP	Insolvency expertise	Time costs and disbursements
Legal services in connection to class action claims	Dentons UK and Middle East LLP	Existing advisor to the Company on this matter	Costs funded by third party. Administration only paying recoverable VAT on invoices.
Collection of rates refunds on properties	CAPA	Insolvency and industry expertise	15% of realisations

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved (if appropriate) in support of any invoices rendered. We are satisfied with the amounts paid to date, in the circumstances of the case.

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## ***Appendix D: Other information***

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Court details for the administration:	Business and Property Courts in Leeds, Insolvency & Companies List (ChD), Case 1106 of 2018
Company's registered name:	F.W.E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
Trading name:	Evans Cycles
Registered number:	02784079
Former registered address:	Camino Park James Watt Way Crawley West Sussex RH10 9TZ
Current registered address:	Level 8 Central Square 29 Wellington Street Leeds LS1 4DL
Date of the joint administrators' appointment:	30 October 2018
Joint administrators' names, addresses and contact details:	David Robert Baxendale and Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT
Appointer's name:	The directors of the Company, Stephen Trowbridge and Alan Fort
Extension to the initial period of appointment:	Extension of 12 months to 29 October 2020, granted by the Secured Creditors.

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