

Joint Administrators' progress report from 30 April 2022 to 29 October 2022

F. W. E. Realisations Limited

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

High Court of Justice, Chancery Division
Business and Property Courts in Leeds, Insolvency and
Companies List (ChD)
Case no. 1106 of 2018

28 November 2022

Table of contents

Abbreviations and definitions	3
Key messages	5
Recap on the administration	6
Appendix A: Receipts and payments	9
Appendix B: Expenses	11
Appendix C: Remuneration update	13
Appendix D: Other information	22

Abbreviations and definitions

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

Abbreviation or definition	Meaning
Joint Administrators/ Administrators / we / us / our	David Robert Baxendale and Mark James Tobias Banfield
AIB	Allied Irish Bank Plc
Company	F.W.E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
ECI	ECI Partners LLP
Firm / PwC	PricewaterhouseCoopers LLP
HSBC	HSBC Bank Plc
IA86 IR16	Insolvency Act 1986 Insolvency (England and Wales) Rules 2016
Preferential Creditors	Creditors with claims for: <ol style="list-style-type: none">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);2. accrued holiday pay for any period before 30 October 2018, and3. unpaid pension contributions in certain circumstances.
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
Proposals	The Joint Administrators' proposals for achieving the purpose of administration, dated 5 November 2018
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
Secured Creditors	HSBC, AIB & ECI 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

This report has been prepared by David Robert Baxendale and Mark James Tobias Banfield as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person. Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/evanscycles. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David Robert Baxendale and Mark Tobias Banfield have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act 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.

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Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of the Company in the six months from 30 April 2022 to 29 October 2022.

Creditors may wish to read this report in conjunction with our previous reports and our Proposals, all of which continue to be available on our website at 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 Sam Green at uk_evanscycles@pwc.com if you need the password 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	Current estimate (p in £)	Previous estimate (p in £)	Timing
Secured creditors			
HSBC/AIB	39-40	39	Up to 6 months
ECI	Nil	Nil	N/A
Preferential creditors	N/A	N/A	N/A
Unsecured creditors	3.34	3.34	Declared on 30 April 2020 Paid on 28 July 2020

Secured creditors

We have estimated that HSBC and AIB are expected to share distributions totalling £11.07m which represents 39-40% of their total indebtedness. To date, we have made distributions of £10.67m to these lenders and therefore further distributions are estimated at £0.4m.

As detailed in previous reports, the Company is owed input VAT from HMRC of approximately £317k. The timing of the final distribution is uncertain as this is subject to the receipt of the input VAT, further information in this regard is provided later within this report.

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 our most recent update was issued in September 2022.

Preferential creditors

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

Unsecured creditors

As previously reported, on 30 April 2020, a first and final dividend was declared to unsecured creditors from the Prescribed Part at a rate of 3.34p in the £.

Other than this Prescribed Part dividend, there will be no further distributions to unsecured creditors.

What you need to do

As stated above, we have declared and paid the first and final dividend to the unsecured creditors by virtue of the Prescribed Part. Therefore, this report is for your information and you don't need to do anything.

Recap on the administration

For details of the work we have done in prior periods of the administration, please refer to the Proposals and our previous progress reports, which can be found on our case website: www.pwc.co.uk/evanscycles.

When we last reported, the key outstanding matters in the administration were as follows:

- finalise asset realisations;
- continue to pursue the VAT refund from HMRC;
- upon receipt of the VAT refund, pay future and final distributions to HSBC and AIB; and
- conclude all statutory matters, including VAT and tax clearance.

This report provides an update on these key outstanding matters.

Progress since we last reported

Class action claims

Truck cartel claim

As advised in our previous report, at the time of our appointment the Company was party to a class action claim in respect of alleged price fixing by truck manufacturers. Due to uncertainty surrounding the likely length of time this matter would take to conclude, we resolved that the claim would not be settled prior to the anticipated expiry of the administration and therefore sale of the claim would likely produce the best outcome to the administration estate.

During the prior period, we contacted several third parties and invited them to make an offer to purchase the claim and obtained permission from the Road Haulage Association ("RHA"), who are leading the action against the truck manufacturers, to assign the claim. One of these offers has been accepted in principle, subject to the availability of information within the Company's records to substantiate the claim. As discussions with the prospective purchaser are ongoing, further information is not disclosed at this stage however we'll provide an update in our next report.

Bank interest

As we have now received tax clearance from HMRC, we removed the accounts from interest bearing and therefore no interest was received during the reporting period.

Sundry debts and refunds

As detailed previously, the Company was awarded a Court compensation order against a former employee which was being paid via monthly instalments. During the reporting period, further settlement instalments were received totalling £15k, bringing total receipts from this matter to £52.1k. The compensation order has now been discharged in full and no further sums are expected.

On 12 July 2022, a business rates refund in the sum of £1.6k was received from the City of London Council.

On 20 July 2022, a banking refund in the sum of £1.3k was received from HSBC.

The amounts detailed above, received during the period, totalled £17.9k. We don't anticipate any further recoveries will be made of this kind during the remaining term of administration.

VAT

The amount owed to the Company by HMRC in respect of overdue VAT is £317k. As stated in our previous reports, HMRC are experiencing systematic delays within the VAT department and timescales associated with the repayment of input VAT to insolvent companies. Moreover, delays in this instance have been exacerbated due to the Purchaser erroneously completing a PAYE RTI submission using the Company's credentials, which consequently, HMRC have set-off against the Company's outstanding input VAT.

We have contacted HMRC via post, email and telephone with a view to resolving the matter. A formal complaint has also been made to HMRC in order to escalate the issue highlighting the severity of the detriment caused to the administration estate.

The escalation team provided a solution of paper forms being submitted to HMRC to remove the erroneous PAYE liability and release the VAT repayment, which is against HMRC's common policy. The forms have been filed by the Company and HMRC are currently processing these forms with the Company awaiting a response / solution. We will update creditors on the progress of this matter in our next report.

Extension to the administration period

Within the period we applied to Court to extend the period of the administration to 29 October 2023, to allow us time to deal with the outstanding VAT refunds, and finalise the RHA class action. On 30 September 2022, the Court ordered that the administrators' term of office be extended for a period of 12 months until 29 October 2023.

Investigations and actions

As previously advised, within three months following our appointment, we fulfilled our statutory obligations and filed our submissions on the conduct of the Company's directors 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 receipts and payments from 30 April 2022 to 29 October 2022 together with a cumulative receipts and payments account covering the administration term.

Our expenses

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.

Our fees

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

Please note that in Appendix C, we refer to the Secured Creditors' agreement for the level of our remuneration to be increased.

At Appendix B we set out a summary of the expenses incurred during the administration.

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/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by emailing Sam Green at uk_evanscycles@pwc.com.

What we still need to do

Our future work will focus on the following areas:

- Finalise asset realisations;
- Submit the relevant documentation requested by HMRC to recover the input VAT owed to the Company;
- Upon receipt of the VAT refund, pay final distributions to HSBC and AIB; and
- Conclude all statutory matters.

It's anticipated that the Company will be dissolved three months after we cease to act as Joint Administrators.

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 emailing Sam Green at uk_evanscycles@pwc.com.

Yours faithfully
For and on behalf of the Company

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

David Baxendale
Joint administrator

Appendix A: Receipts and payments

Statement of Affairs £	From 30/04/2022 To 29/10/2022 £	From 30/10/2018 To 29/10/2022 £
	ASSET REALISATIONS	
		26,607.59
2,478,652.00	NIL	2,640,880.41
772,418.00	NIL	960,974.88
	NIL	0.00
	NIL	260,878.47
677,815.00	NIL	677,669.85
2.00	NIL	13.00
7,937,987.00	NIL	7,878,522.00
	NIL	62,000.00
	17,911.42	147,394.52
	NIL	6,908.21
	<u>17,911.42</u>	<u>12,661,848.93</u>
	COST OF REALISATIONS	
	268.07	4,835.61
	NIL	118.25
	NIL	2,374.43
	NIL	5,025.76
	NIL	1,446.06
	NIL	16.94
	NIL	9,010.01
	3,099.00	58,159.42
	NIL	11,246.85
	NIL	765,000.00
	NIL	115,000.00
	NIL	31,007.00
	NIL	958.00
	NIL	11,638.34
	<u>3,367.07</u>	<u>1,015,836.67</u>
	CREDITORS	
(61,385,970.00)	NIL	10,675,473.04
(59,465.00)	NIL	NIL
(25,708,746.00)	NIL	462,239.85
	NIL	<u>(11,137,712.89)</u>
	UNCLAIMED DIVIDENDS	
	NIL	21,112.31
	NIL	<u>(21,112.31)</u>
(75,287,307.00)	<u>14,544.35</u>	<u>487,187.06</u>
	REPRESENTED BY	
		128,530.77
		317,481.34
		41,174.95

Trading account

Statement of Affairs £	From 30/04/2022 To 29/10/2022 £	From 30/10/2018 To 29/10/2022 £
PROPERTY INCOME		
Licence Fees - Rent	NIL	2,914,834.51
Licence Fees - Service Charges	NIL	302,610.16
Licence Fees - Insurance	NIL	58,354.87
Contributions to Legal Costs	NIL	77,921.00
Funding for LTO extension costs	NIL	126,000.00
	<hr/>	<hr/>
	NIL	3,479,720.54
PROPERTY COSTS		
Rents	NIL	2,961,589.22
Service Charges	NIL	261,705.54
Insurance	NIL	52,504.78
Legal Costs - Lease Assignments	NIL	77,921.00
Office holders' fees-% realisations	NIL	126,000.00
	<hr/>	<hr/>
	NIL	(3,479,720.54)
	<hr/>	<hr/>
TRADING SURPLUS/(DEFICIT)	NIL	(0.00)

Notes to the R&P

1. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties. The VAT balances collectively represent the amount payable / receivable at the period end. Refunds totalling £317k are due from HMRC in respect of several returns submitted, as detailed above, we are in the process of recovering these funds.
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. With regard to the interchange claim - due to confidentiality clauses agreed as part of settlement, we are not permitted to disclose the quantum of the Company's share of professional costs associated with the action. However we can confirm that the Company's contribution was proportionate to its share of the class action claim.
4. We have shown all transactions in relation to the management of the Company's leasehold property portfolio in the above Property Account.
5. Since our last report we identified an incorrect posting made in a prior period. An invoice for administrators' expenses in the sum of £1,647.85, was incorrectly posted to "Office holders' fees-time costs (p.part)". This error has now been corrected to show the balance in "Office holders' expenses".
6. The funds are held in a non-interest bearing account.

Appendix B: Expenses

Expenses are amounts properly payable by us as administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. Expenses fall into two categories:

Category:	Definition:
1	These are payments to persons providing the service to which the expense relates who are not an associate of the office holder.
2	These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Secured Creditors) also have the responsibility for agreeing the policies for payment of Category 2 expenses. We did not incur any disbursements during the period.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost. We have not incurred any category 1 or 2 expenses during the period of this report.

The table below provides details of the expenses incurred in the administration. It 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.

The expense policy set out above has been approved by the secured creditors. The table below provides details of the expenses incurred in the administration:

	Brought forward	Incurred in the period	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
	£	£	£	£	£	£	£
Agents' Fees	4,568	268.07	4,836	-	4,836	4,137	699
Duress Payments	1,446	-	1,446	-	1,446	1,446	-
Debt collection fees (1)	5,026	-	5,026	-	5,026	-	5,026
Storage costs	11,638	-	11,638	645	12,283	8,000	4,283
Bank charges (2)	118	-	118	-	118	150	(32)
Corporation tax (2)	2,374	-	2,374	-	2,374	-	2,374
Office holders' expenses (2)	9,599	-	9,599	-	9,599	-	9,599
General expenses	17	-	17	-	17	-	17
Legal fees & disbursements	55,060	3,099	58,159	-	58,159	50,000	8,159
Statutory advertising	958	-	958	-	958	1,750	(792)
Insurance	9,010	-	9,010	-	9,010	8,964	46
Total	99,814	3,367	103,181	645	103,826	74,447	29,379

Our expenses have exceeded the estimate provided to all creditors before the basis of our fees was fixed. This primarily is because the administration has remained open for longer than was initially anticipated, resulting in additional statutory expenses, storage costs and legal fees (relating to the extensions). In addition, due to the unique

nature of the Company's book debts it was necessary to seek expert advice to collect the same, which was not anticipated at the outset of the insolvency.

Notes to the expenses account

1. Debt collection fees are 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.
2. See note 5 of the receipts and payments account on page 10 for an explanation of the adjustments to the brought forward balance of office holders' expenses.

Appendix C: Remuneration update

The basis of our fees for acting as Joint Administrators of the Company has been determined by the Secured Creditors as follows:

- A percentage of realisations in relation to work performed for the benefit of (and paid for by) the Purchaser; and
- Time costs for all other work, including dealing with the Prescribed Part fund.

Further details on each of the above are set out in this Appendix.

Fees as a percentage of realisations

As advised previously, the Company periodically invoiced the Purchaser for our time in attending to matters arising as a result of its extended occupation of the properties. The Secured Creditors agreed that we could 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 estimated in our Remuneration Report, given the indeterminate amount of work involved. The amount paid has no impact on the creditors of the Company.

As shown in Appendix A and in line with the approval given we initially drew fees totalling £100k (plus VAT) from the invoiced contribution to costs of £116k. A further £10k was later contributed by the Purchaser and, in a prior period, we drew the final (percentage of realisation) fees of £26k.

Fees on a time cost basis

In our Remuneration Report dated 5 March 2019, we proposed that our fees be fixed 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 was 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.

As previously advised, the Secured Creditors subsequently approved an increase in the fees estimate from £780k to £880k as a result of achieving significantly increased asset realisations (when compared to initial expectations), and with a resultant net benefit for the administration estate.

To date, we have drawn £765k in fees, excluding our work in connection with distributing the prescribed part. With regard to the latter, we capped our fees at £115k (compared to costs to date of £127k). Both the payment of £765k and £115k can be seen in Appendix A.

As our fees have exceeded our current fees estimate we have discussed increasing it with the Secured Creditors. A formal update on our fees will be posted to our website shortly.

As summarised in the following table, our time costs for the six-month period of this report were £94k. This represents the work we described earlier in this report, further details of which are set out later in this Appendix. We also provide the total time costs for the administration since our appointment and a comparison to the above estimate and give an indication on the likelihood of seeking further approval to draw fees in excess of the fees estimate.

Our hours and average rates

Time costs incurred in the period

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost	Average rate per hour
Strategy and planning									
Project management	2.1	-	3.4	3.5	19.9	-	28.8	15,799	550
Asset realisation									
Sale of business	-	-	-	-	-	-	-	-	-
ROT	-	-	-	-	-	-	-	-	-
Book debts and cash-in-transit	-	-	3.8	1.4	11.9	-	17.1	10,264	600
Property	-	-	0.4	-	-	-	0.4	250	625
Costs of the insolvency process									
Initial letters & notices	-	-	-	-	-	-	-	-	-
Reporting to creditors	-	-	5.0	4.4	24.1	0.2	33.7	17,080	507
Other statutory & compliance	0.8	-	1.4	4.7	43.7	0.1	50.6	27,577	546
Statement of affairs	-	-	-	-	-	-	-	-	-
Managing the Company's affairs									
Accounting & treasury	-	-	-	1.0	2.2	1.6	4.7	2,260	481
Pensions	-	-	-	-	-	-	-	-	-
Tax	-	-	0.6	-	0.3	0.4	1.3	970	746
VAT	-	-	4.0	1.8	1.5	-	7.2	6,933	970
Other stakeholders	-	-	-	-	-	-	-	-	-
Group matters	-	-	-	-	-	-	-	-	-
Dealing with creditors									
Secured creditors	-	-	0.5	4.2	17.8	-	22.5	12,425	553
Unsecured creditors (claims agreement)	-	-	-	-	-	-	-	-	-
Creditor enquiries	-	-	-	-	-	-	-	-	-
Press, PR & websites	-	-	-	-	0.5	-	0.5	213	426
Grand Total	2.9	-	19.0	20.8	121.7	2.2	166.6	93,771	563

Total time costs for the administration

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost	Fees Estimate
Strategy and planning									
Project management	21.1	11.7	33.7	36.3	82.0	50.1	234.9	110,668	60,802 (49,866)
Asset realisation									
Sale of business			41.0	32.2	6.4	3.9	83.4	39,686	31,354 (8,332)
ROT		2.5	13.0	1.0	16.5	13.6	46.6	14,570	18,212 3,642
Book debts and cash-in-transit	0.3	2.3	189.1	16.7	51.4	86.8	346.4	139,448	96,240 (43,208)
Property		1.9	37.2	105.5	4.9	442.3	591.8	142,066	159,723 17,658
Costs of the insolvency process									
Initial letters & notices			11.1	15.9	12.5	30.2	69.7	19,830	19,821 (9)
Reporting to creditors		2.8	58.1	35.4	58.2	67.1	221.5	88,312	33,859 (54,453)
Other statutory & compliance	6.6	1.5	36.3	81.8	100.0	154.8	380.8	132,855	37,620 (95,235)
Statement of affairs			0.3	3.3		4.6	8.2	2,462	2,462 -
Managing the Company's affairs									
Accounting & treasury	0.5		34.0	29.2	101.3	171.5	336.4	99,973	68,349 (31,624)
Pensions			5.7	2.7	1.4	6.3	16.0	7,598	6,487 (1,111)
Tax	1.7		16.7	31.8	33.0	64.4	147.5	69,986	19,296 (50,690)
VAT	0.6		55.9	28.4	112.7	211.9	409.4	149,793	54,633 (95,160)
Other stakeholders					0.5		0.5	138	138 1
Group matters			0.2				0.2	70	70 0
Dealing with creditors									
Secured creditors	2.0	5.4	116.9	13.2	44.8	22.1	204.3	95,319	56,415 (38,904)
Unsecured creditors (claims agreement)	0.5	1.0	50.8	25.1	223.3	175.1	475.6	129,098	80,088 (49,010)
Creditor enquiries			4.4	10.9	33.7	113.3	162.2	36,184	32,458 (3,726)
Press, PR & websites			1.1	1.0	3.2	7.4	12.7	3,396	2,001 (1,395)
Grand Total	33.3	29.0	705.1	470.1	885.3	1,625.0	3,747.7	1,281,449	780,028 (501,422)

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.

Grade	Up to 30 June 2022 £/hour	From 1 July 2022 £/hour
Partner	875 (980)	980
Appointment taking director	-	960
Director	740 (865)	915
Assistant director	-	900
Senior Manager	625 (685)	869
Manager	525 (595)	730
Senior Associate	425 (480)	515
Associate	280 (350)	375
Offshore professionals	-	375 - 515
Support Staff	130 (160)	160

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. 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.

Reflecting the increasingly mobile and flexible nature of the PwC workforce and the narrowing of our London and regional cost bases we have moved to one uniform rate card for our standard restructuring and insolvency services from 1 July 2022. This is in line with other parts of PwC, and is also consistent with wider insolvency market practice. We will continue to have a separate rate card for specialist services including our tax, data and technologist support.

Should an increase in charge out rates result in our time costs exceeding the fee estimate provided to creditors at the time we sought approval of the basis of our remuneration, we will need to seek approval from the relevant creditor body in order to draw fees in excess of that estimate.

We have a diverse range of experience and capability within our director and senior manager teams. We have created two further grades within this population to reflect different levels of experience. We have differentiated between those directors who take insolvency appointments and lead insolvency cases (thereby providing considerable leverage to our appointment taking partners and reducing overall costs to insolvent estates), and those directors who help to support the delivery of our insolvency strategy. We have also created differential rates in our senior manager team, acknowledging those insolvency qualified and long serving insolvency experienced senior managers separately from those who are not yet insolvency qualified.

Role descriptions applicable to the new rates are below. In addition, as the range of work that may be undertaken by our offshore professional colleagues increases, we also provide updated information for that role.

Title	Description
Appointment taking director	A licensed insolvency practitioner acting as an office holder on the insolvency appointment and subject to additional office-holder responsibilities compared to a Director who is not an appointed office-holder. Highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams.
Assistant director	Individuals of Senior Manager title but who are highly experienced in insolvency matters and either with more than 10 years insolvency experience at Senior Manager level or are qualified to JIEB level.
Offshore professional	Offshore professional colleagues may provide assistance, albeit that the majority of the work on this case will be undertaken by the UK based team. An off-shore professional at the higher end of the fee bracket generally has appropriate insolvency experience or an accounting qualification, depending on the nature of the work and will assist with planning and control of various aspects of the insolvency. An off-shore professional at the lower end of the fee bracket will typically have a finance-related qualification and appropriate skills to complete basic insolvency related tasks and provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. All work under the supervision of more senior staff.

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Up to 30 June 2022 £/hour	From 1 July 2022 £/hour
Partner	1,600	1,810
Director	1,465	1,660
Senior Manager	1,355	1,570
Manager	815	950
Senior Associate	605	690
Associate	325	375
Support Staff	180	205

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work

Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Dealing with receipts, payments and journals. Conducting periodic bank reconciliations. 	<ul style="list-style-type: none"> To comply with our statutory obligations. 	<ul style="list-style-type: none"> Required by statute/regulations.
Assets		
<ul style="list-style-type: none"> Liaising with a third party to agree the terms of potentially assigning a class action claim with the RHA. Contacting the solicitors bringing the claim to obtain contact details for authority to assign the claim and ascertain what information will be required to substantiate the Company's claim in the future. Undertaking a detailed review of the deed of assignment and proposing amendments with a view to agreeing the sale of the claim. Reviewing the books and records to locate information required to maximise the chances of success of the claim. Recovering amounts from councils in respect of pre-paid business rates. 	<ul style="list-style-type: none"> To ensure returns to the creditors are maximised. 	<ul style="list-style-type: none"> Realises funds for the benefit of Secured Creditors.
Dealing with creditors		
<ul style="list-style-type: none"> Maintaining and updating the content of our dedicated website for the delivery of initial and ongoing communications and reports. <p><u>Secured Creditors</u></p> <ul style="list-style-type: none"> Preparing and issuing periodic reports to Secured Creditors. Preparing periodic estimated outcome statements and future asset updates for the Secured Creditors. Maintaining communications and responding to secured creditors' queries. 	<ul style="list-style-type: none"> To keep creditors informed on the progress of the case. 	<ul style="list-style-type: none"> Work is required by statute and for the proper administration of the case.
Statutory and compliance		
<p><u>Books and records</u></p> <ul style="list-style-type: none"> Dealing with the records in storage and arranging for invoices to be paid following the extension of the administration. <p><u>Reporting to creditors</u></p> <ul style="list-style-type: none"> Drafting and issuing the seventh progress report, for the period ending 29 April 2022, to the creditors. <p><u>Case reviews</u></p> <ul style="list-style-type: none"> Conducting six monthly case reviews. 	<ul style="list-style-type: none"> To comply with our statutory obligations. 	<ul style="list-style-type: none"> Required by statute/regulations.

- Dealing with case hanovers due to the movement of PwC staff.
- Dealing with statutory and case management prompts on internal systems and keeping these up-to-date.

Strategy and Planning

- Monitoring costs against fee budget.
- Ensuring that all matters in the initial strategy are followed.
- Holding team meetings and discussions regarding status and progress of administration.
- To ensure case progression and monitoring costs.
- Controls efficiencies, time costs and ensures continued case progression towards closure.

Tax and VAT

Tax

- Ad hoc tax queries.

VAT

- Review and maintenance of internal systems.
- Liaising with HMRC regarding issues surrounding VAT refunds, including numerous calls to various HMRC agents seeking to resolve the issue.
- Escalating the lack of progress to insolvency teams at HMRC.
- Following up on our formal complaint to HMRC for delay in providing VAT refunds.
- Liaising with our internal VAT team to request suggestions for obtaining the VAT refunds.
- Liaising with third parties for assistance on submitting RTI corrections.
- Escalating the issue to HMRCs technical team in order to submit an RTI correction submission.

Our future work

We still need to do the following work to achieve the purpose of administration.

Work undertaken	Estimated cost £	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Dealing with receipts, payments and journals. Conducting periodic bank reconciliations. 	1,500	<ul style="list-style-type: none"> Required by statute/regulations
Assets		
<ul style="list-style-type: none"> Finalising the sale of the class action claim outlined above. 	500	<ul style="list-style-type: none"> Realises funds for the benefit of creditors.
Creditors		
<u>Creditor enquiries</u>		
<ul style="list-style-type: none"> Maintaining and updating the content of our dedicated website for delivery of ongoing communications and reports. Maintaining the mailbox for creditor enquiries. Receiving and following up on creditor enquiries via telephone, email mailbox and post. Reviewing and preparing correspondence to creditors and their representatives. 	15,000	<ul style="list-style-type: none"> Work is required by statute and for the proper administration of the case
<u>Secured creditors</u>		
<ul style="list-style-type: none"> Preparing final updates to Secured Creditors. Making final distributions in accordance with security entitlements. 		
Statutory and compliance		
<u>Books and records</u>		
<ul style="list-style-type: none"> Dealing with the records in storage and arranging for final invoices to be paid. 	20,000	<ul style="list-style-type: none"> Required by statute/regulations
<u>Case reviews</u>		
<ul style="list-style-type: none"> Conducting six monthly case reviews. Dealing with statutory and case management prompts on internal systems and keeping these up-to-date. 		
<u>Closure</u>		
<ul style="list-style-type: none"> Conducting closure review of case. Closing bank accounts. Preparing our final progress report. Closing down internal systems. 		
Strategy and Planning		
<ul style="list-style-type: none"> Monitoring costs against fee budget. Setting goals and deadlines in order to conclude outstanding matters in the administration in preparation to close the case when appropriate. 	3,500	<ul style="list-style-type: none"> Controls efficiencies, time costs and ensures continued case progression towards closure.

- Ensuring that all matters in the initial strategy are followed.
- Holding team meetings and discussions regarding status and progress of administration.

Tax and VAT

Tax

- Adhoc tax queries.

VAT

- Chasing HMRC to obtain the VAT refund due to the estate.
- Creating a HMRC online account to submit correct RTI returns for the post appointment period.
- Obtaining information from the Company's records to substantiate and submit the post appointment RTI returns.
- Preparing and submitting final VAT 426.
- Review and maintenance of internal systems.

12,000

- Required by statute/regulations.

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 or be perceived to give rise to a conflict of interest.

Details of subcontracted work

We have not subcontracted any work that we would normally do during the period of this report.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including: <ul style="list-style-type: none">• General advice following the appointment of the administrators• Assistance with legal matters in relation to the leasehold properties	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 a 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.

Appendix D: Other information

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 Mark Tobias Banfield, of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT Contact Sam Green, at: uk_evanscycles@pwc.com or on 0113 289 4000
Extension(s) to the initial period of appointment:	Extension of 12 months to 29 October 2020, granted by the Secured Creditors Extension of 12 months to 29 October 2021, granted by the Court. Extension of 12 months to 29 October 2022, granted by the Court. Extension of 12 months to 29 October 2023, granted by the Court.
