

Joint Administrators' progress report from 30 October 2022 to 29 April 2023

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

24 May 2023

Table of contents

Abbreviations and definitions	3
Key messages	5
Recap on the administration	6
Progress since we last reported	7
Appendix A: Receipts and payments	9
Appendix B: Expenses	11
Appendix C: Remuneration update	13
Appendix D: Other information	21

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
R3	Association of Business Recovery Professionals
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	Insolvency Act 1986
IR16	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.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business..

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of the Company since our last report dated 28 November 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	39-40	Within 1 month
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 39-40p in the £ of their total indebtedness. To date, we have made distributions of £10.67m to these lenders and therefore future distributions are estimated at c£0.4m. No distributions have been made in the current reporting period.

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 February 2023.

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;
- 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.

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 periods, we contacted several third parties and invited their offers to purchase the claim. One offer was accepted in principle, subject to the availability of information within the Company's records to substantiate the claim. However, following third party due diligence, the offer was retracted due to the lack of historic information and supporting documentation, which may have made the claim difficult to pursue.

With agreement from the Secured Creditors, in the current reporting period we took the decision to not proceed with the claim as Administrators due to the lack of historic information and the timescales associated with any recoveries actually being made. Consequently, the claim will not be pursued and no recoveries are anticipated.

VAT

As stated in our previous reports, the Purchaser erroneously completed a PAYE RTI submission using the Company's credentials. Consequently, HMRC withheld all subsequent VAT repayments owed to the Company, setting-off the erroneous PAYE liability against the Company's outstanding input VAT. The input VAT owed to the Company was £317k and dated back to January 2020.

Substantial efforts have been made throughout the administration process to recover the outstanding input VAT, including the completion of several HMRC forms to remove the erroneous PAYE liability and significant levels of correspondence via post, email and telephone, including numerous formal complaints via HMRC and R3.

During the reporting period we are pleased to report that the outstanding VAT funds of c£317k plus a VAT repayment supplement of £15k, as compensation for the delay in repayment, was received. This principal refund of c£317k is reflected in our overall cash balance as per our receipts and payments account at Appendix A, but isn't reflected as its own receipt line.

Secured lender reporting

Throughout the administration we have reported periodically to the Secured Creditors. During the reporting period, we prepared our Secured lender report which was delivered to all Secured creditors on 17 March 2023.

Investigations and actions

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 October 2022 to 29 April 2023 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.

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 the expenses of the administration;
- 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



David Baxendale
Joint Administrator

Appendix A: Receipts and payments

Statement of Affairs £	From 30/10/2022 To 29/04/2023 £	From 30/10/2018 To 29/04/2023 £
	ASSET REALISATIONS	
	NIL	26,607.59
2,478,652.00	NIL	2,640,880.41
772,418.00	NIL	960,974.88
	15,452.05	15,452.05
	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
	NIL	147,394.52
	NIL	6,908.21
	15,452.05	12,677,300.98
	COST OF REALISATIONS	
	NIL	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
	NIL	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
	NIL	(1,015,836.67)
	CREDITORS	
(61,385,970.00)	NIL	10,675,473.04
(59,465.00)	NIL	NIL
(25,708,746.00)	NIL	462,239.85
	NIL	(11,137,712.89)
	UNCLAIMED DIVIDENDS	
	NIL	21,112.31
	NIL	(21,112.31)
(75,287,307.00)	15,452.05	502,639.11
	REPRESENTED BY	
		461,464.16
		41,174.95
		502,639.11

Trading account

Statement of Affairs £	From 30/10/2022 To 29/04/2023 £	From 30/10/2018 To 29/04/2023 £
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
	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
	NIL	(3,479,720.54)
TRADING SURPLUS/(DEFICIT)	NIL	(0.00)

Notes to the R&P

1. Amounts shown exclude VAT. Funds are held in a non-interest bearing bank account with Barclays Bank Plc. 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.
2. The previous report reflected that the VAT control account had a balance of c£317k, which represented the outstanding input VAT owed to the Company from HMRC. As detailed in the main body of this report, during the reporting period, these funds were received from HMRC. The balance on the VAT receivable account reflects the input VAT paid which has not yet been recovered.
3. 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.
4. 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.
5. We have shown all transactions in relation to the management of the Company's leasehold property portfolio in the above Property Account.
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	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

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. No Category 1 or Category 2 expenses were incurred in this reporting 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	4,836		4,836		4,836	4,137	699
Duress Payments	1,446		1,446		1,446	1,446	0
Debt collection fees (1)	5,026		5,026		5,026	0	5,026
Storage costs	11,638		11,638	1,157	12,795	8,000	4,795
Bank charges (2)	118		118		118	150	-32
Corporation tax (2)	2,374	3,317	5,691		5,691	0	5,691
Office holders' expenses (2)	12,705		12,705		12,705	0	12,705
General expenses	17		17		17	0	17
Legal fees & disbursements	58,159		58,159		58,159	50,000	8,159
Statutory advertising	958		958		958	1,750	-792
Insurance	9,010	336	9,346		9,346	8,964	382
Total	106,287	3,653	109,940	1,157	111,097	74,447	36,650

Our expenses have exceeded the estimate provided to all creditors before the basis of our fees was fixed. This is primarily because the administration has remained open for significantly longer than was initially anticipated (primarily as a result of the issues faced with recovering the VAT refund due to the Company as detailed earlier in this report). This resulted in additional statutory expenses, storage costs and legal fees (relating to the extensions) being incurred.

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 administration.

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. The brought forward office holders' expenses does not match the previous report. This is due to a misposting of Prescribed part expenses totalling £1,647 during the previous period which was not adjusted in the statement of expenses.
3. In addition, following a reconciliation of office holders' disbursements in anticipation of closure, some previously unbilled expenses totalling £1,459 were located and the brought forward balance has also been amended to reflect this.
4. For prudence, we are continuing to pay public liability insurance in respect of a leasehold property formerly occupied by the Company where it is unclear whether surrender has been accepted by the landlord.

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.

The Secured Creditors previously approved an increase in the fees estimate from £780k to £880k as a result of achieving surplus asset realisations (when compared to initial expectations) with a resultant net benefit for the administration estate and the additional requirements in the case remaining open for longer than anticipated. During the reporting period, the Secured Creditors approved a further uplift in the office holders' fees due to the additional work required in the administration remaining open for a further unanticipated period of time, increasing the approved time costs to an amount not exceeding £950k.

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 which were drawn in a prior period can be seen in Appendix A. No fees have been drawn in the current reporting period.

As summarised in the following table, our time costs for the six month period of this report were £54k. This represents the work we described earlier in this report, further details of which are set out later in this Appendix. This amount does not necessarily reflect how much we will eventually draw as fees for this period. We also provide in the tables below the total time costs for the administration since our appointment and a comparison to the initial fees estimate.

Our time costs have exceeded our initial and all subsequent amounts approved by the Secured creditors, however, we confirm that we will not be seeking any additional approval.

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	1.8	-	0.7	4.9	9.3	7.0	23.7	13,391	564
Asset realisation									
Sale of business	-	-	-	-	-	-	-	-	-
ROT	-	-	-	-	-	-	-	-	-
Book debts and cash-in-transit	-	-	-	0.7	1.3	-	2.0	1,145	587
Property	-	-	-	-	-	-	-	-	-
Costs of the insolvency process									
Initial letters & notices	-	-	-	-	-	-	-	-	-
Reporting to creditors	-	-	1.5	3.0	11.0	0.2	15.7	8,917	570
Other statutory & compliance	0.5	-	4.5	3.1	8.9	0.3	17.3	11,193	647
Statement of affairs	-	-	-	-	-	-	-	-	-
Managing the Company's affairs									
Accounting & treasury	-	-	-	0.7	3.0	0.4	4.1	1,786	436
Pensions	-	-	-	-	-	-	-	-	-
Tax	-	-	0.9	0.3	1.5	-	2.7	2,205	832
VAT	-	-	1.2	0.8	1.1	-	3.2	2,642	839
Other stakeholders	-	-	-	-	-	-	-	-	-
Group matters	-	-	-	-	-	-	-	-	-
Dealing with creditors									
Secured creditors	-	-	1.4	5.1	13.1	-	19.6	11,643	596
Unsecured creditors (claims agreement)	-	-	-	-	-	-	-	-	-
Creditor enquiries	-	-	-	-	2.8	-	2.8	1,416	515
Press, PR & websites	-	-	-	-	0.2	-	0.2	103	515
Grand Total	2.3	-	10.3	18.5	52.1	7.9	91.0	54,441	598

Total time costs for the administration

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost	Initial fees Estimate	Budget remaining
Strategy and planning										
Project management	22.9	11.7	34.4	41.2	91.3	57.1	258.6	124,059	60,802	(63,257)
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	17.4	52.7	86.8	348.3	140,593	96,240	(44,353)
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	59.6	38.4	69.2	67.3	237.2	97,229	33,859	(63,370)
Other statutory & compliance	7.1	1.5	40.8	84.8	108.9	155.1	398.1	144,048	37,620	(106,428)
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	29.9	104.3	171.9	340.5	101,759	68,349	(33,410)
Pensions			5.7	2.7	1.4	6.3	16.0	7,598	6,487	(1,111)
Tax	1.7		17.6	32.1	34.4	64.4	150.1	72,191	19,296	(52,895)
VAT	0.6		57.1	29.2	113.8	211.9	412.6	152,435	54,633	(97,802)
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	118.3	18.3	57.9	22.1	223.9	106,962	56,415	(50,547)
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	36.4	113.3	165.0	37,600	32,458	(5,142)
Press, PR & websites			1.1	1.0	3.4	7.4	12.9	3,499	2,001	(1,498)
Grand Total	35.6	29.0	715.3	488.6	937.4	1,632.9	3,838.7	1,335,890	780,028	(555,863)

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	From 1 July 2022 £/hour
Partner	980
Appointment taking director	960
Director	915
Assistant director	900
Senior Manager	860
Manager	730
Senior Associate	515
Associate	375
Offshore professionals	375 - 515
Support Staff	160

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	Technology specialist from 1 July 2022 £/hour	From 1 July 2022 £/hour
Partner	1,175	1,810
Director	1,085	1,660
Senior Manager	980	1,570
Manager	795	950
Senior Associate	575	690
Associate	415	375
Support Staff	145	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. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties are based on standard commercial terms.

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.
Book debts and cash in transit		
<ul style="list-style-type: none"> Disclaiming our interest in the class action truck cartel claim. 	<ul style="list-style-type: none"> To ensure returns to the creditors are maximised. 	<ul style="list-style-type: none"> No financial benefit to creditors.
Creditors		
<p><u>Creditor enquiries</u></p> <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. <p><u>Secured creditors</u></p> <ul style="list-style-type: none"> Preparing updates and reports to Secured Creditors. Preparing for final distributions in accordance with security entitlements. 	<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 final invoices to be paid. <p><u>Case reviews</u></p> <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. <p><u>Closure</u></p> <ul style="list-style-type: none"> Commencing closure checklist and review. 	<ul style="list-style-type: none"> To comply with our statutory obligations 	<ul style="list-style-type: none"> Required by statute/regulations.
Strategy and Planning		
<ul style="list-style-type: none"> Monitoring costs against fee budget. 	<ul style="list-style-type: none"> To ensure case progression and monitoring 	<ul style="list-style-type: none"> Controls efficiencies, time costs and ensures

- Setting goals and deadlines in order to conclude outstanding matters in the administration in preparation to close the case when appropriate.
 - Ensuring that all matters in the initial strategy are followed.
 - Holding team meetings and discussions regarding status and progress of administration.
- costs.
- continued case progression towards closure.

Tax and VAT

Tax

- Adhoc tax queries.
- Assessing the tax payable on the VAT supplement.

VAT

- Chasing HMRC to obtain the VAT refund due to the estate.
- Review and maintenance of internal systems.

- To comply with our statutory obligations.

- Required by statute/regulations.

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 payments and journals. • Conducting periodic bank reconciliations. • Closure of bank accounts on the conclusion of the administration. 	£2,000	<ul style="list-style-type: none"> • Required by statute/regulations.
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. 	£10,500	<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		

Books and records

- Dealing with the records in storage and arranging for final invoices to be paid where not finalised.

Case reviews

- Conducting six monthly case reviews.
- Dealing with statutory and case management prompts on internal systems and keeping these up-to-date.

Closure

- Conducting closure review of case.
- Closing bank accounts.
- Preparing and issuing our final progress report.
- Closing down internal systems.

- Required by statute/regulations.

Strategy and Planning

- Setting goals and deadlines in order to conclude outstanding matters in the administration in preparation to close the case when appropriate.
- Holding team meetings regarding progress of administration.

£2,500

- Controls efficiencies, time costs and ensures continued case progression towards closure.

Tax and VAT

Tax

- Adhoc tax queries.
- Review, and payment, of final corporation tax.

£3,500

- Required by statute/regulations.

VAT

- Preparing and submitting final VAT 426.
 - Review and maintenance of internal systems.
-

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.

CAPA were instructed by the administrators to undertake a review of the Company's existing and historic payment of business rates in respect of all leasehold properties. Due to CAPA's wealth of knowledge surrounding business rates, existing lines of communication with local councils and the fact that CAPA operated on a no win no fee basis, it's thought the subcontracting of this work has saved the administration estate a substantial amount of costs compared to the administrators staff undertaking this work, which has resulted in additional realisations for creditors.

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.
