

# Joint Administrators' Final Progress Report from 30 April 2023 to 27 October 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

27 October 2023

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# Abbreviations and definitions

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

Abbreviation or definition	Meaning
<b>Joint Administrators/ Administrators / we / us / our</b>	David Robert Baxendale and Mark James Tobias Banfield
<b>AIB</b>	Allied Irish Bank Plc
<b>R3</b>	Association of Business Recovery Professionals
<b>Company</b>	F. W. E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
<b>ECI</b>	ECI Partners LLP
<b>Firm / PwC</b>	PricewaterhouseCoopers LLP
<b>HSBC</b>	HSBC Bank Plc
<b>IA86</b>	Insolvency Act 1986
<b>IR16</b>	Insolvency (England and Wales) Rules 2016
<b>Preferential Creditors</b>	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>
<b>Prescribed part</b>	The amount set aside for Unsecured Creditors from floating charge funds in accordance with Section 176A IA86 and the IA86 (Prescribed Part) Order 2003
<b>Proposals</b>	The Joint Administrators' proposals for achieving the purpose of administration, dated 5 November 2018
<b>Purchaser</b>	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
<b>R&amp;P</b>	Receipts and payments account
<b>Secured Creditors</b>	HSBC, AIB & ECI Creditors with security in respect of their debt, in accordance with Section 248 IA86
<b>SIP</b>	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
<b>SIP2</b>	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders
<b>SIP16</b>	Statement of Insolvency Practice 16: pre-packaged sales in administrations
<b>Unsecured Creditors</b>	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](http://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 James 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>

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# Key messages

## Why we've sent you this report

We're pleased to let you know that our work in the administration of the Company is now complete and so we set out below our final report.

You can still view our earlier reports on our website at [www.pwc.co.uk/evanscycles](http://www.pwc.co.uk/evanscycles). Please get in touch with Sam Green at [uk\\_evanscycles@pwc.com](mailto:uk_evanscycles@pwc.com) if you need the password to access the reports.

## How much creditors have received

The following table summarises the final outcome for creditors.

Class of creditor	Final (paid) (p in £)	Previous estimate (p in £)	Timing
<b>Secured Creditors</b>			
HSBC/AIB	39.53	39-40	Within 1 month
ECI	Nil	Nil	N/A
<b>Preferential Creditors</b>	N/A	N/A	N/A
<b>Unsecured Creditors</b>	3.34	3.34	Declared on 30 April 2020 Paid on 28 July 2020

### Secured Creditors

At the outset of the Administration, HSBC and AIB were collectively owed £28.1m.

HSBC and AIB have shared distributions totalling £11.11m which represents 39.53p in the £ of their total indebtedness. This included a distribution of £437,383 in the current reporting period. No further distributions are anticipated. HSBC and AIB have therefore suffered a shortfall in respect of their lending.

Due to the order of priority between the charge holders, ECI has not recovered 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 2023.

### Preferential Creditors

All of the Company's employees transferred to the Purchaser, therefore there were no Preferential Creditors.

### Unsecured Creditors

A dividend was paid to Unsecured Creditors via the Prescribed Part. The Prescribed part is a fund that has to be made available for Unsecured Creditors. It's paid out of 'net property'. Net property is floating charge realisations after costs, and after paying – or setting aside enough to pay – preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

The amount of the Prescribed part is:

- 50% of net property up to £10,000
- 20% of net property above £10,000
- Subject to a maximum of £600,000

The Prescribed part applies in this case as there is a floating charge created on or after 15 September 2003. Accordingly, we were required to ringfence the Prescribed part allocation from the Company's net floating charge property.

The Company's net floating charge property totalled £11,596,208. From the net floating charge property, the value of the Prescribed part was £600,000, being the maximum amount available.

In accordance with Rule 3.50(2) of IR16, the expenses associated with the Prescribed part must be paid out of the Prescribed part. Accordingly, fees of £115,000 plus VAT and expenses of £1,648 plus VAT in respect of adjudicating claims and distributing the Prescribed part fund were drawn from the Prescribed part fund.

On 30 April 2020, a first and final dividend was declared to Unsecured Creditors totalling £483,352 (being £600,000 net of costs) from the Prescribed part at a rate of 3.34p in the £, which was paid on 28 July 2020.

Funds totalling £21,112 were paid to the insolvency services unclaimed dividends unit due to uncashed dividend cheques.

Other than this Prescribed part dividend, there will be no further distributions to Unsecured Creditors.

## What you need to do

This report is for your information and you don't need to do anything.

## What happens next

The administration extension ends on 29 October 2023. In line with our Proposals approved by creditors, we filed notice of move from administration to dissolution on 27 October 2023. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

Dissolution was considered the only viable exit route in this instance as there were no funds available to distribute to the Company's unsecured creditors over and above the Prescribed part allocation.

We will cease to act on the filing of the notice of move from administration to dissolution by the Registrar of Companies.

As resolved by the Company's Secured creditors, we will be discharged from liability in respect of any of our actions as joint administrators when our appointment ceases to have effect.

# Overview of our work

## Why we were appointed

You may remember that when we were appointed, the position was as follows:

- The Company was incorporated on 27 January 1993. It operated as a multi-channel retailer through 62 stores and online employing over 1,200 staff. Its head office, warehousing and distribution functions were based in Gatwick and the Company was the leading independent specialist cycling retailer in what in the UK is a highly fragmented market.
- The business was acquired by ECI in May 2015 based on a strategy and funding structure supported by an underlying forecast earnings before interest, taxes, depreciation, and amortisation. Unfortunately the underlying forecast was not achieved by the business, primarily due to the adverse market conditions compared to expectations.
- Consequently, the business did not have the expected cash from operations to fund the store roll out plan and a significant website upgrade. An additional legacy EU VAT liability also came to light creating a further £2.5m cash requirement for the business.
- Like many other UK retailers, the Company experienced a deterioration in trading performance during 2018. Trading was impacted by extraordinary weather, and snow in particular, and soft market conditions. The poor trading performance impacted the cash position of the business, which was further exacerbated by the withdrawal of credit insurance cover. This led to a negative cash swing of over £2m in respect of one key supplier alone.
- Consequently in June 2018, management identified an additional short term funding requirement in excess of £10m in November 2018, which was forecast to peak at £16.5m in February 2019.
- PwC was introduced to the Company by ECI on 23 July 2018 for the purpose of assisting the Company in light of its projected funding requirements, to undertake an independent business review and to advise on the options available. The directors had explored the preferred option of securing the additional funding by way of a consensual restructuring agreement between ECI and the Company's lenders (HSBC and AIB). When it became clear that a consensual restructuring involving the provision of additional facilities would not be achieved, the directors commenced an accelerated sale process in early September 2018 supported by PwC.
- PwC was also subsequently engaged on 11 September 2018 to monitor the short term cash flow.
- From 24 August 2018, PwC worked with the management team to prepare marketing materials, including a detailed information memorandum providing sufficient information to enable potential bidders to submit an indicative and non-binding offer.
- Of the best and final offers received for the business and assets of the Company, the highest offer and the one that reflected the best outcome for creditors was from Sports Direct International Plc, who submitted an offer of c.£8m for the business and all operating assets of the Company on an insolvent basis. This included the transfer of all of the employees and required a licence to occupy for all 62 stores.
- The sale completed on 30 October 2018, with the Company being placed into administration on the same date. With David Robert Baxendale, Matthew Boyd Callaghan and Ian David Green being appointed as Joint Administrators of the Company.

# Asset realisation

This section of the report provides details of all asset realisations achieved during the current reporting period together with an overview of those achieved throughout the administration term. For full details on all asset realisations achieved during the previous reporting periods, creditors should refer to our previous reports and the Proposals.

## Sale of the Company's business and assets

As detailed within the Proposals, the Company's business and assets were sold via a pre-packaged sale to the Purchaser, being three companies in a group ultimately owned by Sports Direct International Plc for a total consideration of c.£8m on 30 October 2018.

The consideration was allocated across the following assets: -

Business names	£1
Business rights	£1
Goodwill	£1
Intellectual property	£1
Leasehold properties	£1
Plant	£1
Transferred records	£1
Contracts	£1
Domain names	£1
Employers compulsory liability insurance policy	£1
Information technology	£1
Vehicles	£1
Included claims	£1
Stock	£7,937,987*
Store floats	£62,000

\*Funds totalling £59,465 were later refunded to the Purchaser from the Stock hence the amount on the R&P at appendix B showing £7,878,522.

(The Company's cash in transit and debtors were excluded from the sale and were realised by the Administrators, further information on these assets is provided later in this section.)

The transaction represented the successful rescue of the Company's trading operations and secured the transfer of all the Company's c.1,200 employees. Full details are provided within our SIP16 disclosure appended to the Proposals, which can be downloaded at [www.pwc.co.uk/evanscycles](http://www.pwc.co.uk/evanscycles).

## Licence to occupy (property account)

As part of the pre-packaged sale, a licence to occupy was granted to the Purchaser who entered into occupation of the Company's 62 stores and head office site (covered in total by 75 leases) for a period of nine months, which was later extended. Licence fees were received from the Purchaser in order to discharge the prevailing rent, service charge, and insurance costs of each leasehold property.

On completion of the pre-packaged sale, in addition to the sales consideration detailed above, the Purchaser paid £678k in respect of rent and service charges prepaid by the Company and discharged all subsequent property associated expenses.

Throughout the term of the licence, fees were received from the Purchaser totalling £3,479,721 and £3,275,800 was remitted to the Company's landlords for rent, service charges and insurance. The remaining amount was utilised to discharge the associated Administrators' fees and legal fees.

Details of the licence fees received and expenses discharged is provided within our property account provided at Appendix B.

## Bank interest

During the administration term, bank interest totalling c.£26,607 was received. No bank interest was received in the current reporting period as the Company's bank accounts had been removed from interest bearing to enable the Administrators' to obtain tax clearance from HMRC.



## Book debts

As per the directors Statement of Affairs, the Company's debtor ledger was estimated to have a realisable value of £2.5m.

Throughout the administration term, collections were made totalling c.£2.6m made up as follows: -

Ride To Work Scheme	£1m
Cyclescheme	£0.9m
Gift card	£0.3m
Insurance, corporate & other	£0.07m
V12	£0.3m

Our work on book debt recoveries concluded in prior reporting periods and there were no book debt receipts in the current reporting period. Creditors seeking further information on the collection process and the work undertaken in relation to the collection of the Company's debtor ledger should refer to our previous progress reports.

## Third party funds - debtor overpayments

As previously reported, the Company's records indicated that a number of customers paid amounts in excess of the balance owing at the time of appointment, these amounts were estimated to total £54k. During the administration, we attempted to return all overpayments and successfully did so in many cases, returning approximately £47k.

We consider that all efforts were exhausted in this process and have since reclassified the amount of £6,908 as shown on the R&P at appendix B as a floating charge realisation.

## Cash in transit

Prior to the administration, the Company's merchant service providers were Barclaycard and PayPal, amongst other less frequently used providers. The directors' statement of affairs estimated the value of cash in transit was in the region of £772k.

Collectively, throughout the administration, realisations were achieved totalling £961k from the Company's cash in transit made up as follows: -

BarclayCard	£708k
PayPal	£187k
Amex	£61k
Stores	£5k

As this workstream concluded in prior reporting periods, details of the work undertaken and timing of receipts is explained in our earlier progress reports.

## Interchange claim

Prior to our appointment, the Company was party to a class action claim in respect of credit card interchange fees.

We monitored the position throughout the administration, providing information to our lawyers where required. The claim resulted in a full and final settlement being reached in August 2021 of £261k. Continued pursuit of the claim was considered, however, after taking into account the additional costs and timing associated with further pursuit, we, together with our lawyers, concluded that accepting the settlement would result in the best outcome to creditors.

Further information on the settlement is provided within our report covering the period from 30 April 2021 to 29 October 2021.

## Sundry debts and refunds

At the outset of the administration, the Company had several amounts owing to it from various parties. These included local councils, a former employee, the pre-appointment insurer and HSBC Bank Plc, amongst others.

We wrote to all parties concerned requesting refunds/repayment which resulted in funds being recovered totalling £160k. This includes £13k received in respect of a business rates refund in the current reporting period. No further recoveries are expected.

## Truck cartel claim

As advised in our previous reports, at the time of our appointment the Company was party to another 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 reporting 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 previous reporting period we took the decision to not proceed further with the claim as Administrators due to the lack of historic information and the timescales associated with any recoveries actually being made. Consequently, no recoveries could be secured from this matter.

## VAT

In a prior period we investigated whether a bad debt relief claim could be made. We established a nominal claim would be possible, however the time required to collate the claim information would extinguish any value. Therefore this was not pursued any further.

As stated and in 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 had 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.

On 21 April 2023, 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.

## Connected party transactions

For the avoidance of doubt, there have been no connected party transactions during the administration.

## Other issues

We've stayed in office due to the aforementioned issues with the recovery of input VAT from HMRC, which formed part of the distribution to HSBC and AIB. These funds were received and the final distribution to the Secured Creditors has now been paid. We also needed to resolve whether a realisation from the Truck Cartel claim was possible via a sale of the claim.

## Secured Creditor 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. A further update was provided to the Secured Creditors in September 2023.

## Approval of our proposals

We issued to creditors our Proposals dated 5 November 2018 for achieving the purpose of administration.

We said in our Proposals that we thought the Company does not have enough assets to pay a dividend to Unsecured Creditors other than from the Prescribed part.

This meant that we did not have to seek approval of our Proposals and our Proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our Proposals were treated as approved on 19 November 2018.

We attach a summary of our Proposals at Appendix A.

## Changes of administrator

Matthew Boyd Callaghan, one of the previous Joint Administrators, left the firm during the administration. To make sure that outstanding issues in the administration continue to be pursued, an application was made to the Court to remove him and appoint Mark James Tobias Banfield as 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 was granted and so Mark James Tobias Banfield replaced Matthew Boyd Callaghan as Joint Administrator with effect from 10 May 2019. Matthew Boyd Callaghan was released from all liability in respect of his conduct as administrator with effect from 20 June 2019.

Similarly, Ian David Green, one of the previous Joint Administrators, left the firm during the administration. An application was made to the Court to remove Ian David Green as administrator prior to his departure. The application was also granted and so Ian David Green was removed as Joint Administrators with effect from 19 December 2019. Ian David Green was released from all liability in respect of his conduct as administrator with effect from 23 June 2020.

The remaining Administrators of the Company did not think it is necessary for a third administrator to be appointed to replace Ian David Green.

## Investigations and actions

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

## VAT and Tax clearance

We fulfilled our duties as proper officers for tax accounting during the administration and filed VAT and corporation tax returns for all relevant accounting periods. As detailed above, HMRC raised issues with several of our VAT returns, however, they worked with us to resolve its queries and have since confirmed that it has no objection to the administration ending.

## Our final receipts and payments account

We set out in Appendix B an account of our final R&P in the administration from 30 April 2023 to 27 October 2023.

## Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

## Our fees

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

## 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](mailto:uk_evanscycles@pwc.com).

## End of administration

This is our final report and the Company will be dissolved three months after the notice of move from administration to dissolution has been registered at Companies House.

If you've got any questions, please get in touch with Sam Green on 0113 289 4000.

Yours faithfully  
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'D. Baxendale', written in a cursive style.

David Baxendale  
Joint Administrator

# Appendices

# Appendix A: Summary of our proposals

The Proposals included the following key points:

1. The purpose being pursued in the administration was objective (b) namely, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), as it was not reasonably practicable to rescue the Company as a going concern.
2. Following our appointment as Joint Administrators of the Company on 30 October 2018, we completed a sale of the Company's business and all its operating assets to three newly established companies in a group ultimately owned by Sports Direct International Plc. At £8m, the sale represented the best offer received and so provided the best outcome for creditors in the circumstances. More detail on the sale can be found in our Proposals which includes our full disclosure under SIP 16.
3. As part of the sale, all employees were transferred under TUPE to the Purchaser mitigating any Preferential creditor claims in the administration.
4. Certain assets, predominantly being book debts and cash in transit were excluded from the pre-packaged sale and were realisable by the Administrators' post appointment.
5. As it was anticipated that Secured Creditors would not be repaid in full, the dividend to Unsecured Creditors was from the Prescribed part only. There were no Preferential Creditors.
6. Due to the amount realised from the Company's assets, it was anticipated there would be a Prescribed part dividend for Unsecured Creditors and the value of the Prescribed part fund would be the maximum £600k. Based on an initial estimate of Unsecured Creditors provided by the Company shortly after our appointment, the Proposals suggested this would give rise to an Unsecured Creditor dividend of no more than 2.5%.
7. No connected party transactions occurred or were expected.
8. At the time we issued our Proposals, we anticipated that once we had paid the Prescribed part dividend and finished our other work, we would file a notice with the Registrar of Companies and the Company would be dissolved three months later. But if we thought that there would be matters that should be conducted/investigated in a liquidation rather than in the administration, we would instead apply for a court order ending the administration and for the Company to be wound up. In the very unlikely event that a dividend in addition to the Prescribed part became available, once we finished our work we may have put the Company into creditors' voluntary liquidation so that the liquidator could pay the dividend. As stated in the report, we sought extensions to the administration, however as no dividend became available over and above the Prescribed part no steps to place the Company into liquidation were required to be taken.
9. Our Proposals stated we would be discharged from liability in respect of any of our actions as administrators at a time set by consent of the appropriate class of creditor, again most likely to be the Secured creditors only, or by an order of the court. As stated earlier in the report the Secured creditors resolved that the Administrators be discharged from liability during the course of the administration.

# Appendix B: Receipts and payments

Statement of Affairs £	From 30/04/2023 To 27/10/2023 £	From 30/10/2018 To 27/10/2023 £
	<b>ASSET REALISATIONS</b>	
		6,908.21
	NIL	26,607.59
2,478,652.00	NIL	2,640,880.41
772,418.00	NIL	960,974.88
	NIL	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
	13,102.04	160,496.56
	<u>13,102.04</u>	<u>12,690,403.02</u>
	<b>COST OF REALISATIONS</b>	
	1,965.31	6,800.92
	NIL	118.25
	3,237.00	5,611.43
	NIL	5,025.76
	NIL	1,446.06
	NIL	16.94
	672.00	9,682.01
	NIL	58,159.42
	(189.37)	11,057.48
	70,028.00	835,028.00
	NIL	115,000.00
	NIL	31,007.00
	NIL	958.00
	2,644.99	14,283.33
	<u>(78,357.93)</u>	<u>(1,094,194.60)</u>
	<b>CREDITORS</b>	
(61,385,970.00)	437,383.22	11,112,856.26
(59,465.00)	NIL	NIL
(25,708,746.00)	NIL	462,239.85
	<u>(437,383.22)</u>	<u>(11,575,096.11)</u>
	<b>UNCLAIMED DIVIDENDS</b>	
	NIL	21,112.31
	NIL	<u>(21,112.31)</u>
<u>(75,287,307.00)</u>	<u>(502,639.11)</u>	<u>0.00</u>
	<b>REPRESENTED BY</b>	
		<u><u>NIL</u></u>

# Trading account

Statement of Affairs £	From 30/04/2023 To 27/10/2023 £	From 30/10/2018 To 27/10/2023 £
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)
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>NIL</b>	<b>(0.00)</b>

## Notes to the R&P

1. Amounts shown exclude VAT. All amounts are held in a non-interest bearing bank account with Barclays Bank Plc, however the balance at bank is now nil.
2. All VAT due to the estate that hadn't been reclaimed at the time of our last report has now been requested from HMRC. The VAT control account is therefore at nil.
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, were 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. It was identified that we had overdrawn out expenses totalling £189.37. During the reporting period, these funds were refunded to the estate.
6. We have shown all transactions in relation to the management of the Company's leasehold property portfolio in the above Property Account.
7. All asset realisations were subject to floating charge security.
8. A first and final Prescribed part only dividend of 3.34p in the £ was declared to Unsecured creditors on 30 April 2020 and paid on 28 July 2020. The amount distributed was £483,352 (being the statutory maximum of £600,000 net of costs). Of the amount distributed £21,112 was unclaimed by creditors and transferred to the Insolvency Service unclaimed dividends bank account.



# Appendix C: Expenses

Expenses are amounts properly payable by us as administrators but exclude 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:

Expense	SIP 9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 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 approved our fees (in this case the Secured Creditors) also had the responsibility for agreeing the basis for payment of Category 2 expenses, which was approved in a prior reporting period.

The rate for services provided by the Administrators' own firm (category 2 expenses) may periodically rise (for example to cover annual inflationary costs increases) over the period of the administration. All other disbursement to be charged at cost.

No Category 1 or Category 2 expenses were incurred in this reporting period. We billed the full £1,057.48 in prior reporting periods. For transparency, we set out below the total expenses incurred during the administration term (all incurred in previous reporting periods).

Category	Provided by	Basis of cost/policy	Costs incurred £
1	PwC	Postage	4,668.67
1	Marsh and Co	Bonding	681.26
2	PwC	Research fees	20.00
2	PwC	Printing - charged for circulars to creditors and other bulk copying only at 10p per sheet	58.84
1	Rail/Taxi	Travel (excl mileage)	159.30
2	PwC	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc) petrol/diesel/hybrid; at a maximum of 72 pence per mile fully electric and at a maximum of 12 pence per mile for a bicycle	211.55
1	Iron Mountain	Record archiving	5,257.86
<b>Total</b>			<b>11,057.48</b>

The table below provides details of all the expenses incurred in the administration:

	Brought forward	Incurred in the period	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
	£	£	£	£	£	£	£
Agents' Fees	4,836	1,965	6,801	0	6,801	4,137	2,664
Duress Payments	1,446	0	1,446	0	1,446	1,446	0
Debt collection fees (1)	5,026	0	5,026	0	5,026	0	5,026
Storage costs	11,638	2,645	14,283	0	14,283	8,000	6,283
Bank charges	118	0	118	0	118	150	(32)
Corporation tax (2)	5,691	(80)	5,611	0	5,611	0	5,611
Office holders' expenses (3)	12,705	(1,647)	11,058	0	11,058	0	11,058
General expenses	17	0	17	0	17	0	17
Legal fees & disbursements	58,159	0	58,159	0	58,159	50,000	8,159
Statutory advertising	958	0	958	0	958	1,750	(792)
Insurance	9,346	336	9,682	0	9,682	8,964	718
<b>Total</b>	<b>109,940</b>	<b>3,219</b>	<b>113,160</b>	<b>0</b>	<b>113,160</b>	<b>74,447</b>	<b>38,713</b>

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

Our expenses have exceeded the estimate provided to all creditors before the basis of our fees was fixed. This is primarily because the administration had remained open for significantly longer than was initially anticipated, primarily due to the protracted recovery of the input VAT 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.

Additional agents' fees have been incurred, but these are directly attributable to additional recoveries from business rates refunds received for the benefit of creditors. The level of these recoveries and therefore the associated agents' fees (which are payable as a percentage of recoveries) could not have been estimated at the time our initial estimate was prepared.

#### Specific notes to the expenses account

1. Debt collection fees were 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. We previously estimated the additional tax liability payable on the interest supplement received from HMRC. The actual corporation tax expense was c.£80 lower than our estimate and therefore an adjustment has been reflected in the current period.
3. The brought forward office holders' expenses does not match the previous report. In the prior period, additional expenses were identified and reported, however, following a review conducted during this reporting period, it transpired that these expenses had been double counted. The table above therefore shows an adjustment in the current reporting period to correct the position. The total amount incurred for Office holders' expenses across the administration is £11,058. No Office holders' expenses were incurred in the current reporting period.

# Appendix D: 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 dated 5 March 2019, given the indeterminate amount of work involved. The amount paid has no impact on the creditors of the Company.

As shown in Appendix B 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, 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 previous 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 £950,028.

We have drawn £835k 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). Time costs of £765k and £115k were drawn in a prior period can be seen at Appendix B. During the reporting period, a further £70k was drawn on account of our outstanding time costs. We have therefore billed up to the approved fee estimate in full.

As summarised in the following table, our time costs for the six month period of this report were £59k. 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. The main reasons for exceeding the fees estimate is as a result of having to keep the administration open for longer than anticipated. This is as a result of delays to receiving VAT due to the Company from HMRC as detailed further on page 9 of this report, which required the administration to be further extended via a court application and resultant additional statutory reporting. Resolution of the VAT matter required continuous chasing and communication with HMRC to resolve the position and then the receipt of the supplementary interest in the reporting period required the preparation and submission of a further 1 day corporation tax return, which hadn't been foreseen at the time our fee estimates were prepared. The combination of the above, resulted in our time costs exceeding our fees estimate and amounts approved.

## Our hours and average rates

Time costs incurred during the reporting period from 30 April 2023 to 27 October 2023

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	1.8	-	0.6	1.7	9.0	-	13.0	7,480	575
<b>Asset realisation</b>									
Sale of business	-	-	-	-	-	-	-	-	-
ROT	-	-	-	-	-	-	-	-	-
Book debts and cash-in-transit	-	-	-	-	0.5	-	0.5	232	516
Property	-	-	-	-	0.5	-	0.5	270	540
<b>Costs of the insolvency process</b>									
Initial letters & notices	-	-	-	-	-	-	-	-	-
Reporting to creditors	-	-	2.8	2.5	46.9	0.4	52.5	28,785	548
Other statutory & compliance	-	-	0.1	1.1	14.4	0.1	15.7	8,538	544
Statement of affairs	-	-	-	-	-	-	-	-	-
<b>Managing the Company's affairs</b>									
Accounting & treasury	-	-	-	0.8	1.0	1.4	3.2	1,644	514
Pensions	-	-	-	-	-	-	-	-	-
Tax	-	-	4.0	0.5	9.4	-	14.0	9,900	710
VAT	-	-	0.3	-	-	-	0.3	353	1,412
Other stakeholders	-	-	-	-	-	-	-	-	-
Group matters	-	-	-	-	-	-	-	-	-
<b>Dealing with creditors</b>									
Secured creditors	-	-	0.2	0.1	3.7	-	3.9	2,152	552
Unsecured creditors (claims agreement)	-	-	-	-	-	-	-	-	-
Creditor enquiries	-	-	-	-	-	-	-	-	-
Press, PR & websites	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>1.8</b>	<b>-</b>	<b>8.0</b>	<b>6.7</b>	<b>85.2</b>	<b>1.9</b>	<b>103.5</b>	<b>59,354</b>	<b>574</b>

## Time costs incurred during the administration term

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost	Initial fees Estimate	Budget remaining
<b>Strategy and planning</b>										
Project management	24.7	11.7	35.0	42.9	100.3	57.1	271.6	131,539	60,802	(70,737)
<b>Asset realisation</b>										
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	53.1	86.8	348.8	140,825	96,240	(44,585)
Property		1.9	37.2	105.5	5.4	442.3	592.3	142,336	159,723	17,388
<b>Costs of the insolvency process</b>										
Initial letters & notices			11.1	15.9	12.5	30.2	69.7	19,830	19,821	(9)
Reporting to creditors		2.8	62.4	40.9	116.0	67.7	289.7	126,014	33,859	(92,155)
Other statutory & compliance	7.1	1.5	40.9	86.0	123.3	155.2	413.8	152,586	37,620	(114,966)
Statement of affairs			0.3	3.3		4.6	8.2	2,462	2,462	-
<b>Managing the Company's affairs</b>										
Accounting & treasury	0.5		34.0	30.7	105.3	173.3	343.7	103,403	68,349	(35,054)
Pensions			5.7	2.7	1.4	6.3	16.0	7,598	6,487	(1,111)
Tax	1.7		21.7	32.6	43.8	64.4	164.1	82,091	19,296	(62,795)
VAT	0.6		57.4	29.2	113.8	211.9	412.8	152,788	54,633	(98,155)
Other stakeholders					0.5		0.5	138	138	1
Group matters			0.2				0.2	70	70	0
<b>Dealing with creditors</b>										
Secured creditors	2.0	5.4	118.5	18.4	61.6	22.1	227.8	109,114	56,415	(52,699)
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)
<b>Grand Total</b>	<b>37.3</b>	<b>29.0</b>	<b>723.3</b>	<b>495.3</b>	<b>1,022.6</b>	<b>1,634.8</b>	<b>3,942.2</b>	<b>1,395,244</b>	<b>780,028</b>	<b>(615,217)</b>

## Our time charging policy and hourly rates

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

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

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration.

<b>Grade</b>	<b>to 30 June 2023 £/hour</b>	<b>From 1 July 2023 £/hour</b>
Partner	980	995
Appointment taking director	960	960
Director	915	915
Assistant director	900	900
Senior Manager	860	860
Manager	730	730
Senior Associate	515	540
Associate	375	395
Offshore professionals	375 - 515	395 - 540
Support Staff	160	160

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.

<b>Grade</b>	<b>BRS specialist to 30 June 2023 £/hour</b>	<b>From 1 July 2023 £/hour</b>
Partner	1,235	1,905
Director	1,140	1,745
Senior Manager	1,035	1,410
Manager	845	1,025
Senior Associate	610	470 - 725
Associate	470	330 - 395

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

# 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
<b>Accounting and treasury</b>		
<ul style="list-style-type: none"> <li>Dealing with payments and journals.</li> <li>Conducting periodic bank reconciliations.</li> <li>Closure of bank accounts on the conclusion of the administration.</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute/regulations.</li> </ul>
<b>Creditors</b>		
<u>Creditor enquiries</u>		
<ul style="list-style-type: none"> <li>Maintaining and updating the content of our dedicated website for delivery of ongoing communications and reports.</li> <li>Maintaining the mailbox for creditor enquiries.</li> <li>Receiving and following up on creditor enquiries via telephone, email mailbox and post.</li> <li>Reviewing and preparing correspondence to creditors and their representatives.</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed on the progress of the case.</li> </ul>	<ul style="list-style-type: none"> <li>Work is required by statute and for the proper administration of the case.</li> </ul>
<u>Secured Creditors</u>		
<ul style="list-style-type: none"> <li>Preparing final updates to Secured Creditors.</li> <li>Making final distributions in accordance with security entitlements.</li> </ul>		
<b>Statutory and compliance</b>		
<u>Progress reporting</u>		
<ul style="list-style-type: none"> <li>Prepare and issue the Joint Administrators' progress report for the period 30 October 2022 to 29 April 2023.</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute/regulations.</li> </ul>
<u>Books and records</u>		
<ul style="list-style-type: none"> <li>Dealing with the records in storage and arranging for final invoices to be paid where not finalised.</li> </ul>		
<u>Case reviews</u>		
<ul style="list-style-type: none"> <li>Conducting six monthly case reviews.</li> <li>Dealing with statutory and case management prompts on internal systems and keeping these up-to-date.</li> </ul>		
<u>Closure (other statutory and compliance)</u>		
<ul style="list-style-type: none"> <li>Preparing cash flow to closure.</li> <li>Preparation of the Joint Administrators' final report.</li> <li>Conducting closure review of case.</li> <li>Closing bank accounts.</li> </ul>		

- Filing form AM19 with the Registrar of Companies to move the Company from administration to dissolution.
- Closing down internal systems.
- Ensuring that records are maintained and up to date.

### 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.
- To comply with our statutory obligations
- Controls efficiencies, time costs and ensures continued case progression towards closure.

### Tax and VAT

#### Tax

- Adhoc tax queries.
- Discussions with PwC tax to determine whether the VAT supplement receipt gave rise to a tax liability following submission of the final tax computation;
- Preparing an additional tax computation to account for corporation tax for a 1 day period to account for tax on interest received from HMRC in respect of their delay in refunding VAT due to the Company. .
- Liaising with HMRC regarding tax clearance.

- To comply with our statutory obligations.

- Required by statute/regulations.

#### VAT

- Preparing and submitting final VAT 426 and VAT assignment documentation to HMRC.
- Review and maintenance of internal systems.



## 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 [or any other reason] and payments to those parties based on standard commercial terms.

## Our relationships

We have no business or personal relationships with the parties who approved 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 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"><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 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 E: Other information

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<b>Court details for the administration:</b>	Business and Property Courts in Leeds, Insolvency & Companies List (ChD), Case 1106 of 2018
<b>Company's registered name:</b>	F .W. E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
<b>Trading name:</b>	Evans Cycles
<b>Registered number:</b>	02784079
<b>Former registered address:</b>	Camino Park James Watt Way Crawley West Sussex RH10 9TZ
<b>Current registered address:</b>	Level 8, Central Square 29 Wellington Street Leeds LS1 4DL
<b>Date of the Joint Administrators' appointment:</b>	30 October 2018
<b>Joint Administrators' names, addresses and contact details:</b>	David Robert Baxendale and Mark Tobias Banfield, of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT  Contact Sam Green, at: <a href="mailto:uk_evanscycles@pwc.com">uk_evanscycles@pwc.com</a> or on 0113 289 4000
<b>Extension(s) to the initial period of appointment:</b>	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.

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# Appendix F: Pre-administration costs

The following costs incurred before our appointment with a view to the Company going into administration. We've previously reported that we sought approval of these costs from the Secured Creditors in 2019 and the costs have been drawn.

<b>Nature of costs</b>	<b>Amount (£)</b>
Fees charged by the Administrators	30,707
Expenses incurred by the Administrators	300
<b>Total</b>	<b>31,007</b>