

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details												
Company number	0	2	7	8	4	0	7	9	→ Filling in this form Please complete in typscript or in bold black capitals.			
Company name in full	F.W.E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited											
2 Administrator's name												
Full forename(s)	David Robert											
Surname	Baxendale											
3 Administrator's address												
Building name/number	PricewaterhouseCoopers LLP											
Street	7 More London Riverside											
Post town	London											
County/Region												
Postcode	S	E	1	2	R	T						
Country	UK											
4 Administrator's name ^①												
Full forename(s)	Ian David											
Surname	Green											
5 Administrator's address ^②												
Building name/number	PricewaterhouseCoopers LLP											
Street	7 More London Riverside											
Post town	London											
County/Region												
Postcode	S	E	1	2	R	T						
Country	UK											

^① Other administrator
Use this section to tell us about
another administrator.

^② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6	Period of progress report									
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From date	d	3	d	0	m	1	m	0	y	2	y	0	y	1	y	8
To date	d	2	d	9	m	0	m	4	y	2	y	0	y	1	y	9

7	Progress report									
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<input checked="" type="checkbox"/>	I attach a copy of the progress report									
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8	Sign and date									
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Administrator's signature	Signature X  X															
Signature date	d	2	d	2	m	0	m	5	y	2	y	0	y	1	y	9

AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **May Mehdi**

Company name **Pricewaterhousecoopers**

Address **8th Floor, Central Square, 29 Wellington**

Street

Post town **Leeds**

County/Region **West Yorkshire**

Postcode **L S 1 4 D L**

Country **UK**

DX

Telephone **0113 289 4742**

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint administrators' progress report
from 30 October 2018 to 29 April
2019

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

23 May 2019

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

Case no. 1106 of 2018

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Abbreviations and definitions

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

Abbreviation or definition	Meaning
Firm/PwC	PricewaterhouseCoopers LLP
Administrators/we/us/our	David Robert Baxendale and Ian David Green (and formerly Matthew Boyd Callaghan who has now left the firm)
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
the Company	F.W.E. Realisations Limited formerly F.W. Evans Cycles (UK) Limited
Preferential creditors	Creditors with claims for: <ol style="list-style-type: none"> 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, and 3. 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
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured creditors	Creditors who are neither secured nor preferential
Proposals	The joint administrators' proposals for achieving the purpose of administration dated 5 November 2018
the Purchaser	Three companies all of whom are ultimately owned by Sports Direct International Plc. The business now trades from Evans Cycles Limited, formerly SDI (Propco 78) Limited.
Addleshaws	Addleshaw Goddard LLP
Dentons	Dentons LLP
HSBC	HSBC Bank Plc
AIB	Allied Irish Bank Plc
ECI	ECI Partners LLP
ROT	Retention of Title

Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six months since our appointment on 30 October 2018. You may wish to review this report in conjunction with our Proposals, which continue to be available on our website at www.pwc.co.uk/evanscycles.

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 £)	Timing
Secured creditors		
HSBC / AIB	36p	3-6 months
ECI	Nil	N/A
Preferential creditors	N/A	N/A
Unsecured creditors	Less than 2.4p	6-9 months

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

We have estimated that HSBC and AIB are expected to share distributions totalling c£10m which represents 36% of their total indebtedness. To date, we have made distributions of c£8m to these two lenders and therefore further distributions are estimated at c£2m. Due to the order of priority between the charge holders, ECI is not expected to recover any of its debt.

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

We stated in our Proposals that we believe there will be no funds to distribute to unsecured creditors, other than via the prescribed part, at the maximum value of £600,000. In the directors' statement of affairs, total unsecured creditor claims were estimated to be in the region of c£26m, which would equate to a dividend of approximately 2.4p/£. This is subject to change as the value of claims is likely to differ and costs of agreeing claims and paying the dividend are deductible from the amount available.

We've started asking for outstanding claims from unsecured creditors so that we can agree them for dividend purposes. Please see the creditors section later in this report for more details on the distribution.

What you need to do

A claim form can be downloaded from our website at www.pwc.co.uk/evanscycles or you can get one by telephoning Conor Beatty on 020 9041 5669 or by emailing creditor.services@uk.pwc.com.

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

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

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

Background to the administration

You may remember from our Proposals that we explained the background to the Company and reasons for our appointment. We summarise these below:

- The Company was the UK's leading independent specialist cycling retailer, established in 1921 and trading from 62 stores in the UK and employed over 1,200 people. Its head office, warehousing and distribution functions were based in Gatwick, with a fleet of 30 vehicles.
- The business was acquired by ECI in May 2015 based on a strategy and funding structure supported by an underlying profitable forecast. Unfortunately the forecast was not achieved by the business, primarily due to the adverse market conditions compared to expectations.
- An additional legacy EU VAT liability also came to light creating a further £2.5m cash requirement for the business and like many other UK retailers, the Company experienced a deterioration in trading performance during 2018 which impacted the cash position of the business, and 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 at the Company 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. It was therefore determined that the Company couldn't continue to trade in its present form without additional capital and the support of a new owner.
- As such, on 23 July 2018, PwC was engaged by the Company to undertake an independent business review and to advise on the options available to them. It became clear that a consensual restructuring involving the provision of additional finance would not be achieved and the directors commenced an accelerated sale process in early September 2018 supported by PwC.
- PwC worked closely with the Company's management to prepare marketing materials, including a detailed information memorandum providing sufficient information to enable potential bidders to submit indicative offers.
- Nine indicative offers were received from potential buyers. After a process of shortlisting offers through a further two stages, final offers were invited and, of these, the highest offer (and the one which reflected the best outcome for creditors) was accepted.
- The pre-packaged sale of the Company's business and operating assets was completed by the joint administrators immediately following their appointment on 30 October 2018. This transaction represented the successful rescue of the Company's trading operations and secured the transfer of the Company's employees.

We explain in the next section the work we've done since our appointment and our anticipated future work.

Progress since we were appointed

Sale of business and assets

As previously reported, a sale of the Company's business and assets was completed on 30 October 2018 to the Purchaser, immediately following our appointment as joint administrators.

As required by SIP16, a detailed narrative explanation and justification of why a pre-packaged sale was undertaken and the alternatives considered, was included in our Proposals. In summary:

- Total consideration for the sale of business and assets was £8m (principally for stock), which was all subject to floating charge security entitlements;
- For the reasons explained in the SIP16 statement, the alternative outcome was most likely the insolvency of the Company followed by a significant, necessary and immediate curtailment in trading operations, leading to little prospect of a sale on the scale achieved; and with a substantial loss of value, impacting on recoveries and losses for all classes of creditors;
- The sale to the Purchaser enables the statutory purpose of administration to be achieved - it represented the best offer received and so provided the best outcome for creditors in the circumstances; and
- The sale resulted in over 1,200 employees transferring to the Purchaser and potential transfer of the Company's leasehold properties (together avoiding significant preferential and unsecured claims).

The enclosed receipts and payments account shows the receipt of the sale proceeds into the administration.

Despite the successful and immediate sale of the Company's business and assets, there remained a significant amount of work to do in the administration, broadly split as follows:

- Collecting the book debts and cash in transit;
- Managing the Company's leasehold property portfolio;
- Overseeing the resolution of ROT claims;
- Agreeing creditor claims and distributing the prescribed part fund;
- Fulfilling our statutory obligations as joint administrators; and
- Dealing with other areas of the Company's affairs (including tax and VAT).

We provide more detail below on our work in these areas during the first six months of the administration.

Book debts

Ride to Work ("R2W")

The Company had corporate customers who signed up to a R2W tax incentive scheme for their employees, for which c£1.2m was owed to the Company at the date of our appointment. This consisted of around 500 accounts with an average value of c£2.5k. Given the volume of receipts in the initial period following our appointment, our strategy was to monitor collections closely but specifically not to write to customers and risk interfering with their 'business as usual' accounts payable processes.

We agreed that the Purchaser could raise credit notes totalling £75k on behalf of the Company, as these represented unredeemed R2W certificates and balances that were not recoverable.

Once collections slowed, we wrote to 231 debtors on 18 December 2018 and again to 137 debtors (that had not subsequently paid or otherwise engaged with us) on 18 January 2019.

We have been responding to debtors as appropriate, with the provision of copy invoices, production of statements and support of the Purchaser / Company records where necessary. So far, there have been three confirmed set-offs of £114k against purchase ledger balances.

We have also noted a number of potential overpayments for which refunds may be necessary. Several refunds have been made and we continue to hold £49k which may also be refundable. We will be writing to all debtors with credit balances to agree the amount of any overpayment made or unsecured claim that they may have.

As shown on the enclosed receipts and payments account, we have recovered £909k to date. We are continuing to pursue debts where considered cost effective and commercially beneficial to do so.

Cyclescheme

Similar to R2W, Cyclescheme was a tax incentive scheme offered to the Company's corporate customer employees whereby they could purchase a bike via monthly salary deductions.

The Cyclescheme opening ledger value was c£1.1m before commission (averaging around 10%). Some £875k was received shortly after appointment and a further £47k in December. A small overpayment has been returned, leaving a balance of £919k. No further receipts are expected.

We are currently in discussions with the Purchaser and Cyclescheme provider on the novation of the agreement to the Purchaser.

Gift cards and other

There are a number of third party outlets from which gift cards were purchased and funds were still owed to the Company in respect of these, at the time of our appointment.

The opening gift card ledger was c£428k and we initially anticipated recoveries of c£50k to c£200k as the Company in administration was unable to honour unredeemed gift cards. However following our appointment, the Purchaser agreed to honour gift cards for a limited period of time (to 31 January 2019), thereby mitigating claims for declined gift cards. Consequently, to date we have received £171k and no further receipts are expected.

Since 1 February 2019, we've been receiving (unsecured) claims from individuals with unredeemed balances on gift cards. Anyone that has an unused gift card or a balance remaining dating prior to 30 October 2018 should submit a claim in the administration by downloading a claim form from www.pwc.co.uk/evanscycles.

In addition to the above, we have received c£104k relating to gift cards which we are holding on account, whilst we seek to establish whether any chargebacks are likely in respect of these funds.

Other debts include corporate and insurance debts, collectively with an opening ledger value of £107k. To date we have collected £49k and we are continuing to pursue debts where considered cost effective and commercially beneficial to do so.

V12 Finance

V12 provided finance for customers who wished to purchase their bikes using a finance agreement. We have engaged in ongoing dialogue with V12, who reconciled their records using information we provided during the 90-day bike return window, which expired on 27 January 2019.

Some £20k was received shortly after our appointment and we subsequently finalised an agreement with V12 to settle the account over a period of months, commencing with the payment of £115k in March 2019. Further payments are expected in June 2019 and October 2019; at which time we expect the release of a retention, subject to any issues arising on the loan book.

Cash in transit

Barclaycard

Barclaycard was the merchant services provider to the Company. Immediately on appointment, some (but not all) of the facilities were suspended. Accordingly, we received £143k during the first few days following our appointment in respect of pre-appointment sales. A further £20k was received into various currency accounts held by the Company, which have now been transferred to the administration estate.

We have been in discussions with Barclaycard regarding the release of funds held in respect of potential chargeback claims. The Company's records showed that chargeback claims of c£70k were likely in respect of fully paid orders over £100. In order to expedite the release of the retention, we discussed and agreed with Barclaycard that the Purchaser would process these refunds on the Company's behalf.

In April 2019, we received £339k bringing the total amount received to £503k. We remain in ongoing discussions with Barclaycard regarding any further payments to the Company, however at the present time, the timing and quantum are uncertain.

PayPal

We have been liaising with PayPal and the Purchaser to understand the opening position on the account and similar to Barclaycard, this included agreeing the processing of certain refunds. The Purchaser has been undertaking a significant exercise to reconcile sales and refunds with the ultimate objective of identifying the amount payable to the Company from a retention held by PayPal at the time of our appointment.

That retention has been transferred to us in the sum of £250k, although we currently expect only approximately £200k to be confirmed as available to the Company (with the balance transferable to the Purchaser).

Other

In addition to the above, we have also recovered £61k from amounts held by Amex at the time of our appointment and £5k in relation to stores sales. No further amounts are expected.

Since appointment we have received over 1,300 (£5.3m) of credits into the Company's pre-appointment HSBC bank account. We have been liaising with the Purchaser and HSBC regularly to facilitate the periodic transfer of funds to the administration, the agreement of amounts due to the Company or the Purchaser (by reference to the date of sale) and payment of funds due to the Purchaser.

The number of credits has reduced over time and amounts received for the benefit of the Company are now negligible. Accordingly, we are arranging for further credits to be rejected in order to minimise further time spent in this area.

Property matters - licence fees and rent

At the date of our appointment, the Purchaser entered into occupation of the Company's 62 stores and head office site (all covered by 75 leases). An amount of £6678k was received on our appointment in respect of pre-paid rents which the Company had already paid to landlords and for which the Purchaser would derive the benefit by virtue of their occupation of the properties. This amount is a realisation in the administration.

Licence fees are payable by the Purchaser to the Company in advance of rent payment due dates to landlords (rent is paid monthly in arrears). To date, we have received licence fees of £2.1m plus VAT for the period from 30 October 2018 to 30 April 2019. From this, we have paid £1.3m plus VAT to landlords (or their agents) for the period to 30 April 2019, leaving a current fund of £876k. Further details are shown in the property account included in Appendix A.

We have had moderate co-operation from landlords, despite payments only being made on receipt of correct invoices. Many are presently engaging directly with the Purchaser regarding the terms of ongoing occupation. We understand that a small number of landlords have not engaged at all (to our knowledge) but the vast majority are either in contact with us or the Purchaser.

Our work in this area is detailed and time consuming. A significant amount of time is required in:

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

This work will continue until such time as properties are transferred or vacated, as discussed in more detail below.

Property matters - lease assignments and surrenders

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

Of the 75 leases, the Purchaser has entered into new leases on 24 of them so far.

A further nine stores have been vacated. We have issued surrender letters to these landlords, however at present, only three have accepted surrender. In respect of all vacated properties, we have made the final payment for the period up to vacation. Any other amounts owing under the leases will rank as unsecured claims in the estate.

We have also dealt with nine forfeiture requests from landlords, including one landlord who applied to court for permission to forfeit. This particular lease has now been re-negotiated with the Purchaser and proceedings have been discontinued.

The licence to occupy the remaining properties expires in July 2019 and we are monitoring the position closely as the date draws closer.

Class action claim

The Company is part of class action claims in respect of inflated credit card interchange fees and alleged price fixing by truck manufacturers. We have spent limited time on these matters as they are in progress, but will monitor them accordingly. Both the timing and outcome of any recoveries from these sources are uncertain.

Bank interest

Since appointment, £13.9k has been received in respect of bank interest accrued on the funds held in the administration bank accounts.

Sundry debts & refunds

Other sundry refunds of £68k relate to a loan interest refund (£45k) and several refunds of business rates, recovered by specialist firm CAPA, acting on our behalf.

ROT

The Purchaser is obliged to deal with all ROT claims, which had a value initially estimated at over £10m. We have remained in regular dialogue with the Purchaser and have written to all claimants regarding the status of their claims.

The Purchaser has confirmed that there are no unresolved ROT claims, however if any creditor believes that they still have a valid ROT claim please get in touch with May Mehdi on maysoon.mehdi@pwc.com or on 0113 289 4742.

Creditors

A dividend to unsecured creditors is expected, from a prescribed part fund of £600k, before costs. To date, we have received 173 claims (£10.4m) of which 164 have been admitted (£5m). The directors' statement of affairs estimated total claims at c£26m. We expect this figure could significantly increase once landlord claims are received. Other factors affecting the final level of liabilities will be the value of claims received in respect of:

- Unredeemed and unexpired gift cards;
- VAT Retail Export Scheme customers; and
- ROT creditor claims.

During the period, we have dealt with over 1,000 creditor enquiries, with a recent increase following the expiry of the Purchaser's gift card redemption window on 31 January 2019.

We are continuing to progress the agreement of creditor claims in a manner considered to be most cost effective given the different types of creditor.

Based on present information, we are expecting a distribution of less than 2.4%, but this may change. The costs of agreeing claims and distributing the prescribed part are payable from the fund itself, with the net amount available for creditors.

VAT

Since appointment, we have supported our specialist VAT team in the provision of notices to HMRC to ensure all of the leasehold properties are opted to tax, to avoid any restrictions on the ability to recover input VAT.

We have also implemented a cost-effective strategy to release the Company from its EU VAT registrations and filing obligations in 20 different territories, with pre-appointment liabilities totalling c£3.4m. This is necessary to avoid any post-appointment obligations, liabilities or penalties. To date, we have received responses from five of these territories and in some cases once responses have been received, further work is still required in order to deregister the Company for VAT.

The first quarterly VAT return has been submitted and preparation of the second VAT return is now in progress, principally relating to the output VAT on licence fees received.

We are yet to receive HMRC's claim in the administration in terms of indirect taxes (VAT) and therefore steps will need to be taken to obtain this and adjudicate upon the same.

Approval of the Proposals

We issued our Proposals to creditors on 5 November 2018. We said in the Proposals that we thought the Company has insufficient assets to allow for a distribution to unsecured creditors, other than by virtue of the prescribed part. As creditors did not request a meeting, the Proposals were deemed approved on 19 November 2018.

Investigations and actions

During the period, we have fulfilled our statutory obligations and filed our submissions on the conduct of the directors of the Company with the Insolvency Service, the contents of which are confidential. Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP 2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration for the period 30 October 2018 to 29 April 2019.

Expenses of the administration

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

Changes of administrator

Matthew Boyd Callaghan, one of the previous joint administrators, has left the firm. An application was made to Court to remove him from office. The application was granted and so Matthew Boyd Callaghan was removed as joint administrator with effect from 10 May 2019. He will be released from all liability in respect of his conduct as administrator with effect from 28 days from the date of this report. Creditors have 28 days from receiving this notice to apply to Court to vary or discharge the Court order.

Ian David Green and I, the remaining joint administrators of the Company, do not think it is necessary for a third administrator to be appointed to replace Matthew Boyd Callaghan.

Our fees

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

Pre-administration costs

Creditors can find in Appendix D information about the unpaid pre-administration costs previously detailed in our Proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at <https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>.

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

What we still need to do

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

- Conclude asset realisations (including debtors and cash in transit);
- Deal with the Company's remaining leasehold properties;
- Make further and final distributions to AIB and HSBC; and
- Issue the prescribed part dividend to unsecured creditors.

Before we can finalise our work in the administration, we also need to deal with our statutory duties as administrators including concluding the Company's VAT and tax affairs and other incidental tasks associated with the winding down and ultimate dissolution of the Company.

Next steps

We are currently considering the best strategy for extending and ending the administration, taking into account any tax or further costs implications of doing so. We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with May Mehdi on 0113 289 4742.

Yours faithfully
For and on behalf of the Company



David Baxendale
Joint administrator

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

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

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

Appendix A: Receipts and payments

Statement of Affairs		From 30/10/2018 To 29/04/2019	
£		£	
ASSET REALISATIONS			
2.00	Sale of business	13.00	
7,937,987.00	Stock	7,878,522.00	
677,815.00	Prepayments - Rent & Service Charge	677,669.85	
2,478,652.00	Book Debts		
	Ride To Work	909,306.77	
	Cyclescheme	918,545.61	
	Gift Card	171,070.14	
	Insurance, Corporate & Other	49,168.66	
	V12	134,845.90	
	Sundry Debts & Refunds	67,608.16	
	Bank Interest Gross	13,873.31	
	Property Surplus/ (Deficit)	875,677.06	
772,418.00	Cash In Transit		
	Barclaycard	502,689.19	
	Amex	60,868.56	
	Stores	4,890.39	
	Store Floats	62,000.00	
	Third Party Funds - Debtor Overpayments	48,638.18	
		12,375,386.78	
COST OF REALISATIONS			
	Agents' Fees - Property & Assets	2,766.52	
	Duress Payments	1,446.06	
	Debt Collection Fees	5,025.76	
	Storage Costs	7,423.02	
	Statutory Advertising	875.00	
	Insurance	5,264.00	
	Bank Interest & Charges	30.00	
		(22,830.36)	
CREDITORS			
(59,465.00)	Preferential Creditors	NIL	
(61,385,970.00)	Floating Charge Creditors	8,005,473.04	
(25,708,746.00)	Trade & Expense Creditors	NIL	
		(8,005,473.04)	
(75,287,307.00)		4,347,083.38	
REPRESENTED BY			
	VAT Receivable	215,659.47	
	Barclays Bank - Rent account	899,128.08	
	Barclays Bank - Prescribed Part	600,922.67	
	Barclays Bank - General	3,242,119.30	
	Vat Payable	(230,053.73)	
	Suspense Account	(380,692.41)	
		4,347,083.38	

Joint Administrators' Property Account

Statement of Affairs £

From 30/10/2018
To 29/04/2019
£

PROPERTY INCOME	
Licence Fees - Rent	1,915,842.67
Licence Fees - Service Charges	199,347.07
Licence Fees - Insurance	10,710.40
Contributions to Legal Costs	17,956.50
Licence Fees - Overpayment	(0.17)
PROPERTY COSTS	2,143,856.47
Rents	1,138,550.84
Service Charges	104,887.09
Insurance	6,784.98
Legal Costs - Lease Assignments	17,956.50
	(1,268,179.41)
PROPERTY SURPLUS/(DEFICIT)	875,677.06

Notes to the receipts and payments account

All amounts shown exclude VAT unless otherwise stated. The VAT balances represent the amount payable / receivable at the period end and to be included on the Company's next VAT return.

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.

The balance shown in the suspense account of c£381k includes:

- £104k in respect of funds held for gift cards;
- £250k for Paypal funds that we are holding in relation to the retention (to be agreed); and
- £27k in respect of funds received into the pre-appointment bank account, the beneficiary of which is likely to be the Purchaser and is currently under review.

The duress payment was made to a charity in respect of funds collected by the Company prior to our appointment; and in agreement with HSBC and AIB.

In Appendix C, we explain that work has been sub-contracted out (that would otherwise be done by us), and the amounts paid for those services during the period to CAPA total £2.8k.

We have shown all transactions in relation to the management of the Company's leasehold property portfolio in the Property Account. We are currently holding funds totalling £876k (excluding VAT) due either to landlords or the Purchaser.

Appendix B: Expenses

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

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

	Incurred in the period under review £	Estimated future £	Anticipated total £	Initial estimate £	Variance £
Agents' fees- property & assets	2,767	1,370	4,137	4,137	-
Durress payments	1,446	-	1,446	1,446	-
Debt collection fees*	5,026	-	5,026	-	(5,026)
Storage costs	7,423	577	8,000	8,000	-
Statutory advertising	875	875	1,750	1,750	-
Insurance	5,264	3,700	8,964	8,964	--
Bank charges	30	120	150	150	-
Legal fees and disbursements	20,612	29,388	50,000	50,000	
Total	43,443	36,030	79,473	74,447	(5,026)

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

Appendix C: Remuneration update

During the period covered by this report, we have issued our remuneration report to all known creditors, which is available to view on our website. In it we provided a fees estimate of £780k. We require the approval of each of the secured creditors for our remuneration and, to date, we have obtained approval from two secured creditors, HSBC and AIB. We expect to receive the third and final approval from ECI shortly.

We set out later in this Appendix gives details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

The following table shows how our time in the first six months has been spent across the various areas of work.

Work category	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Total cost £
Strategy and planning								
Project management and administrator oversight	5.0	8.1	12.7	18.0	1.6	10.9	56.3	26,984
Asset realisation								
Sale of business			27.8	32.0	4.4	1.7	65.9	31,679
ROT		2.5	11.6	0.6	22.1	6.0	42.8	13,718
Book debts and cash-in-transit		2.3	143.8	3.6	14.1	18.0	181.7	75,648
Property		1.9	22.0	69.5	3.8	336.0	433.2	98,781
Costs of the insolvency process								
Initial letters & notices			11.1	15.9	12.5	30.2	69.7	19,830
Reporting to creditors		2.0	34.5	7.6		4.3	48.4	20,671
Other statutory & compliance	5.8	1.0	19.8	33.4	12.8	79.8	152.5	43,543
Statement of affairs			0.3	3.3		4.6	8.2	2,462
Managing the Company's affairs								
Accounting & treasury	0.5		21.5	11.1	27.6	69.9	130.6	34,666
Pensions			4.0	2.7		4.8	11.4	5,397
Tax			0.5	1.7		4.4	6.6	2,142
VAT	0.6		14.2	14.0	28.6	63.2	120.5	43,031
Other stakeholders					0.5		0.5	138
Group matters			0.2				0.2	70
Dealing with creditors								
Secured creditors	1.0	4.4	62.7	5.5	0.8	7.3	81.5	36,785
Unsecured creditors (claims agreement)			13.7	1.5	59.9	39.3	114.3	26,264
Creditor enquiries			5.3	4.3	23.2	88.4	121.2	25,334
Press, PR & websites			1.1	1.0	0.8	6.9	9.8	2,325
Grand Total	12.9	22.1	406.7	225.5	212.4	775.5	1,654.8	509,465

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

<i>With effect to 30 June 2019</i>		<i>Maximum rate per hour</i>	<i>Specialist maximum rate per hour</i>
<i>Grade</i>		<i>(£)</i>	<i>(£)</i>
Partner		640 (890)	1,520
Director		540 (780)	1,390
Senior Manager		465 (590)	1,230
Manager		365 (510)	770
Senior Associate		275 (425)	570
Associate		180 (265)	305
Support staff		95 (135)	250

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

Payments to associates

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

Our work in the period

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

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
Assets	Property	<ul style="list-style-type: none"> Initial review of the terms of the licence to occupy of 65 leasehold properties (75 leases); Initial circulars and ongoing communications with landlords and their managing agents; Dealing with forfeiture requests from landlords; Issuing correspondence with individual landlords and managing agents over obtaining correct invoices in a timely manner; Creating and maintaining records for the periodic receipt of licence fees and payment of rent and other obligations under the terms of the licence to occupy; Liaising with Addleshaws with regards to a variety of legal matters including the surrender, assignment, forfeiture of various lease agreements; Compiling and issuing of monthly licence fee invoices to the Purchaser; and Preparation of monthly batch rental payments to landlords of the properties. <p>This work was necessary under the licence to occupy, which was entered into at the time (and in support) of the original sale transaction which generated £8m for the administration estate.</p>
	Debtors	<ul style="list-style-type: none"> Reviewing opening debtor ledgers and setting-up collection and monitoring systems; Initial circulars and ongoing email and telephone correspondence with various types of debtors; Reconciliation of the Company's former bank account where debtor payments are continuing to be made; and Ensuring payments are coded up on IPS. <p>Debtors (and cash in transit) were excluded from the sale to the Purchaser and therefore our work has been to recover these funds for the benefit of creditors. Work will continue where considered beneficial and cost effective to do so.</p>

Category of work	General description	Work included
	Retention of title claims	<ul style="list-style-type: none"> • Maintaining a retention of title file and ensuring updates are obtained from the Purchaser on a regular basis; • Passing on claimants information to the Purchaser to ensure that they are dealt with in due course; and • Corresponding with claimants regarding their remaining unsecured claim once settlements with the Purchaser have been agreed. <p>Whilst the Purchaser was responsible for resolving ROT claims, we needed to fulfil our obligations to notify the Purchaser of any claim we received and we have been monitoring the position to ensure ROT claims have been duly resolved and any residual unsecured claims are captured.</p>
	Sale of business	<ul style="list-style-type: none"> • Providing assistance to the Purchaser in the novation of contracts and agreements; • Post-sale work to facilitate the handover of the business and assets; and • Monitoring the pre-appointment bank account and reconciling the account with the Purchaser and making transfers of post-appointment sales to the Purchaser. <p>The immediate requirement on appointment was to facilitate the immediate and seamless handover of the business and assets to the Purchaser. We also had a contractual obligation to provide reasonable assistance in the subsequent novation/transfer of contracts with third parties.</p> <p>Whilst the work in monitoring the pre-appointment account was initially necessary for debt collection purposes, more recently the credits have been for the benefit of the Purchaser where their customers continue to pay into the wrong account.</p>
	Insurance	<ul style="list-style-type: none"> • Arranging open cover and appropriate ongoing insurance through appointed brokers (including public liability cover for leasehold properties); • Identifying potential issues requiring attention of insurance specialists; • Reviewing pre-appointment insurance policies; • Corresponding with post-appointment insurers regarding initial and ongoing insurance requirements; and • Communications with our appointed insurance brokers for them to assess and if relevant pass on information to the Company's pre appointment insurers. <p>Insurance work does not typically have a financial benefit for creditors. Instead it ensures cover is in place in the event of any insured losses, thereby preserving value in the estate.</p>
	Third party assets	<ul style="list-style-type: none"> • Corresponding with third party asset owners; and • Liaising with the Purchaser with regards to terminating contracts and/or novating agreements to the successor business. <p>We have a contractual obligation to provide reasonable assistance in the transfer of assets to the Purchaser. For the period we are in office as joint administrators, we also provide assistance to third parties in the recovery of their assets, where it is not onerous for us to do so.</p>
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Setting up and maintaining the content of the dedicated website for delivery of initial and ongoing communications and reports; • Setting up a dedicated mailbox for creditor enquiries; • Receiving and following up creditor enquiries via telephone, email mailbox and post; and • Reviewing and preparing correspondence to creditors and their representatives. <p>We set-up systems to manage enquiries and communications in the most cost effective manner in the circumstances of the case. We respond to creditors where possible or necessary for the purposes of agreeing claims for dividend purposes.</p>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
	Secured creditors	<ul style="list-style-type: none"> • Notifying secured creditors of appointment; • Preparing reports to secured creditors; • Maintaining communications and responding to secured creditors' queries; and • Making distributions in accordance with security entitlements. <p>The secured creditors (HSBC and AIB) are the parties with the principal financial interest in the progress and outcome of the administration and we keep them updated on developments.</p>
	Unsecured claims	<ul style="list-style-type: none"> • Preparing and agreeing an appropriate strategy for the agreement of claims; • Preparing and sending correspondence to VAT Retail Export Scheme creditors and gift card customers, providing our initial notification and inviting lodgement of proofs of debt; • Dealing with proofs of debt for dividend purposes; • Preparing correspondence to potential creditors inviting lodging of proof of debt; • Receiving proofs of debt and maintaining creditor claims records; • Adjudicating claims, including requesting further information from claimants; and • Preparing correspondence to claimant advising outcome of adjudication. <p>Whilst only by virtue of the prescribed part in this case, returning funds to creditors is a key purpose of an insolvency process. Our work has been to conduct the claims agreement process in the most cost effective manner considering the low level of dividend expected.</p>
Costs of the insolvency process	Initial letters and notifications	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment, including our SIP16 report on the pre-packaged sale of the business.
Our work in these various areas arise from statutory obligations which do not directly have any financial benefit to creditors.	Remuneration report	<ul style="list-style-type: none"> • Issuing our remuneration report to creditors which provided details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred.
	Case reviews	<ul style="list-style-type: none"> • Conducting case reviews after the first month, then every six months.
	Proposals	<ul style="list-style-type: none"> • Drafting and issuing a statement of proposals to creditors including a receipts and payments account and statutory information; • Circulating notice of the proposals to creditors, members and the Registrar of Companies; and • Preparing advertisements of appointment in relevant media outlets.
	Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the administration.
	Books and records	<ul style="list-style-type: none"> • Arranging for the delivery of the Company's books and records where not related to investigatory work; and • Dealing with records in storage.
	CDDA submission and other statutory and compliance	<ul style="list-style-type: none"> • Arranging for the delivery of the Company's statutory books and records; • Reviewing books and records; • Preparing investigation file and lodging the directors' conduct submission with the Insolvency Service; • Filing documents on the case file; • Updating checklists and diary management system; and • Collating permanent file for regulatory purposes.
Strategy and planning	Project management and administrator oversight	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance; • Preparing fee budgets and monitoring costs; • Setting goals and deadlines in order to further progress in the administration; • Ensuring that all matters in the initial strategy are followed; and

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
Managing the Company's affairs		<ul style="list-style-type: none"> • Holding team meetings and discussions regarding status and progress of administration. <p>This work has enabled effective project management of the administration, ensuring the case progresses and issues are resolved on a timely basis.</p>
	Tax	<ul style="list-style-type: none"> • Gathering information for the initial tax review; and • Carrying out tax review and subsequent enquiries.
	VAT	<ul style="list-style-type: none"> • Gathering information for the initial VAT review; • Carrying out VAT review and subsequent enquiries; • Corresponding with HMRC on the option to tax all leasehold properties in the portfolio; • Investigation and strategy for dealing with the Company's many registrations in EU territories; • Preparing the first quarterly VAT return; and • Liaising with HMRC and EU VAT authorities.
<p>Our work in these various areas arise from statutory or regulatory obligations which do not necessarily have any direct financial benefit to creditors.</p> <p>However, it is necessary to ensure tax and VAT liabilities are accurately calculated and funds appropriately invested.</p>		
	Accounting and treasury	<ul style="list-style-type: none"> • Opening bank accounts and arranging facilities; • Dealing with receipts, payments and journals; • Carrying out bank reconciliations; and • Corresponding with the bank regarding specific transfers (including monthly batch payments of rent to landlords).
	Pensions	<ul style="list-style-type: none"> • Reviewing insurance policies; • Issuing statutory notices; • Assessing whether any amounts would constitute preferential claims; and • Calculating contributions and requesting payments to the relevant scheme or policy.

Our future work

We still need to do the following work to achieve the purpose of administration and to wind the Company's affairs down in an orderly manner.

<i>Area of work</i>	<i>Work we need to do</i>	<i>Estimated cost</i> £	<i>Whether or not the work will provide a financial benefit to creditors</i>
Strategy & planning	<ul style="list-style-type: none"> • Holding team meetings and preparing reviews regarding the status and progression of the administration; • Ensuring that all matters in the initial strategy are followed up; and • Monitoring costs against budgeted fees estimate. 	34,000	Controls efficiencies, time costs and ensures continued case progression towards closure.
	<ul style="list-style-type: none"> • Conducting case reviews after the first month then every six months; • Dealing with records in storage; • Sending case files to storage; • Filing of documents; • Updating checklists and diary management system; • Collating permanent file for regulatory purposes; • Preparing a issuing six monthly reports to creditors and the Registrar; and • Assessing strategy and making the necessary statutory arrangements with regards to any potential extension. 	21,300	Required by statute and regulations.
Costs of the insolvency process			

<i>Area of work</i>	<i>Work we need to do</i>	<i>Estimated cost £</i>	<i>Whether or not the work will provide a financial benefit to creditors</i>
Creditors	<ul style="list-style-type: none"> Receiving and following up creditor enquiries via telephone, email mailbox and post; Reviewing and preparing correspondence to creditors and their representatives; Agreeing claims and distributing the prescribed part fund; Preparing reports to secured creditors; Maintaining communications and responding to secured creditors' queries; and Making distributions in accordance with security entitlements. 	80,000	Work is required by statute and for the proper administration of the case.
Managing the Company's affairs	<ul style="list-style-type: none"> Preparing quarterly VAT returns; Liaising with HMRC and EU VAT authorities; Dealing with receipts, payments and journals; Carrying out bank reconciliations; Corresponding with the bank regarding specific transfers (including monthly batch payments of rent to landlords); Dealing with pension scheme issues; and Dealing with any ongoing tax matters. 	50,000	Required by statute/regulation and for the proper administration of the case.
Assets- Property	<ul style="list-style-type: none"> Ongoing communications with landlords and their managing agents; Maintaining records for the periodic receipt of licence fees and payment of rent and other obligations; Liaising with Addleshaws with regards to a variety of legal matters including the surrender, assignation, forfeiture of various lease agreements; Compiling and issuing of monthly licence fee invoices to the Purchaser; Preparation of monthly batch rental payments to landlords of the properties; Correspondence with individual landlords and managing agents over obtaining correct invoices in a timely manner; and Dealing with all lease agreements on remaining properties in an orderly manner to ensure that all property matters can be brought to a close prior to the end of the administration. 	60,000	To comply with our obligations under the sale and purchase agreement.
Assets – Debtors and Cash in Transit	<ul style="list-style-type: none"> Ongoing pursuit of unpaid debts where considered beneficial for the administration; and Continued liaison with Barclaycard, the Purchaser (regarding PayPal) and V12, for the recovery of further sums due to the Company. 	26,000	The recovery of further sums will improve the outcome for the secured creditors.

At the present time, we do not believe that further approval will be required to increase the fees estimate.

Disbursements

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

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the secured creditors, HSBC and AIB. As for our remuneration, we are seeking similar approval from ECI.

The following disbursements arose in the period of this report.

Category	Description	Costs incurred £
2	<i>Photocopying</i> - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	78.13
2	<i>Mileage</i> - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	211.55
<i>Other disbursements</i>		
1	Travel expenses	159.30
	Postage	1,665.31
	Courier costs	4.84
Total		2,119.13

Our relationships

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

Professionals and subcontractors

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

<i>Service provided</i>	<i>Name of firm</i>	<i>Reason selected</i>	<i>Basis of fees</i>
Legal advice, including:	Addleshaw Goddard LLP	Insolvency expertise	Time costs and disbursements
<ul style="list-style-type: none"> General advice following the appointment of the administrators Assistance with legal matters in relation to the leasehold properties 			
Legal services in connection to class action claims (interchange fees)	Dentons UK and Middle East LLP	Existing advisor to the Company on this matter	Costs funded by third party. The Company is 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 that the amounts paid to date are reasonable in the circumstances of the case.

Appendix D: Pre-administration costs

The following costs incurred before our appointment with a view to the Company entering administration must be approved for payment by each secured creditor.

As for remuneration and disbursements, such approval has been given by HSBC and AIB and similar approval from ECI is being sought.

Nature of costs	Amount (£)
Fees charged by the joint administrators	30,707
Expenses incurred by the joint administrators	300
Total	31,007

We refer you to our Proposals for details of the work giving rise to these pre-administration costs.

Appendix E: 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
Registered address:	Camino Park, James Watt Way, Crawley, West Sussex, RH10 9TZ
Date of the joint administrators' appointment:	30 October 2018
Joint administrators' names, addresses and contact details:	David Robert Baxendale and Ian David Green of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT maysoon.mehdi@pwc.com 0113 289 4742
Appointer's name:	The directors of the Company, Stephen Trowbridge and Alan Fort