

Joint administrators' final progress report from 13 January 2021 to 12 July 2021

Fleetway Travel Limited and Fleetway Aviation Limited
(both in administration)

In the High Court of Justice Business and Property Courts of England
and Wales Insolvency & Companies List (ChD)

Case No. of 3047 of 2020

Case No. of 3048 of 2020

12 July 2021

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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 |
|--|--|
| ABTA | Association of British Travel Agents |
| Administrators/we/us/our | Steven Sherry and David Baxendale |
| ATOL | Air Travel Organiser's Licensing |
| ATTF | Air Travel Trust Fund |
| Bank | Lloyds Bank plc |
| BEIS | Department for Business, Energy & Industrial Strategy |
| CAA | UK Civil Aviation Authority |
| Companies / UK Group / Fleetway | Fleetway Travel Limited and Fleetway Aviation Limited |
| Liquidation | Creditors' Voluntary Liquidation |
| Eversheds | Eversheds Sutherland (International) LLP |
| FWA | Fleetway Aviation Limited |
| FWT | Fleetway Travel Limited |
| GCS Travel | GCS Travel Limited |
| Great Value Vacations / US Business | DH Enterprises (trading as Great Value Vacations) and its subsidiaries |
| Hilco | Hilco Streambank and Hilco Valuation Services, both trading names of Hilco Appraisal Limited |
| HMRC | HM Revenue and Customs |
| IA86 | Insolvency Act 1986 |
| IR16 | Insolvency (England and Wales) Rules 2016 |
| Period / Reporting Period | 13 January 2021 to 12 July 2021 |
| Preferential creditors | Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and 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 Insolvency Act 1986 (Prescribed Part) Order 2003 |
| Proposals | The Joint Administrators' proposals for achieving the purpose of administration dated 4 September 2020 |
| PwC / firm | PricewaterhouseCoopers LLP |
| RPS | Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by BEIS, and which authorises and pays the |

| | |
|----------------------------|--|
| | statutory claims of employees of insolvent companies under the Employment Rights Act 1996 |
| Sch B1 IA86 | Schedule B1 to the Insolvency Act 1986 |
| Secured creditor | A creditor with security in respect of their debt, in accordance with section 248 IA86 |
| SIP | Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply |
| SIP 9 | Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates |
| Travelsmart | Travelsmart Holdings Limited, part of the Travelsmart Group and the direct parent of FWT |
| Travelsmart Group | Travelsmart International Group Limited and its subsidiaries |
| Unsecured creditors | Creditors who are neither secured nor preferential |

This report has been prepared by Steven Sherry and David Baxendale as Joint Administrators of the Companies, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administrations, 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 Companies.

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 Companies' creditors, which can be found at www.pwc.co.uk/fleetwaytravel. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Steven Sherry and David Baxendale have been appointed as Joint Administrators of the Companies to manage their affairs, business and property as 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

I'm pleased to let you know that our work in the administration of the Companies is now complete and we are now taking steps to move the Companies into creditors' voluntary liquidation. Accordingly, I set out below our final report for the administrations.

You can still view our earlier reports on our website at pwc.co.uk/fleetwaytravel. Please get in touch with Josh Liburd at uk_fleetway_queries@pwc.com if you need the password to access the reports.

How much creditors may receive

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

Fleetway Travel Limited

| Class of creditor | Current estimate (p in £) | Previous estimate (p in £) | Estimated timing |
|------------------------|------------------------------|-------------------------------|------------------|
| Secured creditor | 100 | 100 | Paid in full |
| Preferential creditors | 100 | 100 | Within 3 months |
| Unsecured creditors | 26 - 29 | 20 - 26 | Within 12 months |

Fleetway Aviation Limited

| Class of creditor | Current estimate (p in £) | Previous estimate (p in £) | Estimated timing |
|---------------------|------------------------------|-------------------------------|------------------|
| Unsecured creditors | 38 - 44 | 25 - 40 | Within 12 months |

This is a brief summary of the possible outcome for creditors based on what we know so far. You shouldn't use it as the main basis of any bad debt provision or debt trading. Please read the rest of this document.

Secured creditor

As you may recall from the Proposals and the previous progress report, the secured creditor, ATTF, held a fixed charge over a ring-fenced deposit account held by FWT. At the date of appointment, this account contained £2.9m, which was subsequently transferred to the ATTF. Any amounts owed to the ATTF in excess of this amount will rank as an unsecured claim in these proceedings and in the event that the claim of ATTF is less than this amount then the ATTF will transfer any surplus funds back to the estate.

FWA did not grant security to any of its creditors.

Preferential creditors

On appointment, FWT employed 60 staff, who may have preferential liabilities, totalling approximately £91k. Based on current information, we expect to pay preferential creditors in full.

This dividend will be paid following the resolution of an employee tribunal claim. We will be writing to preferential creditors in due course to confirm the details of their claims, with a view to paying a dividend later this year.

FWA does not have any preferential creditors.

Unsecured creditors

At present, we expect FWT to be the sole creditor in FWA. Accordingly, we expect a dividend of between 38 and 44 percent will be paid from FWA to FWT.

Subsequently, based on creditor figures shown in the directors' Statement of Affairs and the anticipated realisations, it is possible that FWT's unsecured creditors may get a dividend of between 26 and 29 percent.

However, we have not undertaken the adjudication of the creditors' claims at this time. As such creditors should note that the estimate provided is subject to the level of future realisations, costs and claims admitted for dividend purposes. Any dividend ultimately declared and paid to creditors may vary potentially significantly from the estimated figures provided. As a result, this information is purely for creditors' information only and should not be used or relied on for any other purposes.

What you need to do

If you haven't already done so, please send your claim to us so that we can agree it in the succeeding liquidation. Our preferred method for creditors to submit claims and supporting documents is via the Turnkey (IPS) online portal, as this is the most efficient and cost effective way for us to deal with your claim and also allows you to better track its status, so we recommend the use of the online portal for claim submission.

Your unique login details will have been sent to you via post to enable you to submit your claim. If you have not received these details, and wish to submit a claim, please get in touch with Josh Liburd at uk_fleetway_queries@pwc.com. Please be aware that we are unable to provide login details over the phone or via email for data security reasons.

All creditors wishing to receive the anticipated dividend payment must submit a claim.

What happens next

The administrations automatically end on 12 July 2021. In line with our proposals approved by creditors, the Companies will now go into liquidation. There having been no alternate nominations, Steven Sherry and David Baxendale will be appointed as joint liquidators.

The Administrators have considered the Insolvency Code of Ethics and concluded that there are no matters preventing their appointment as liquidators of the Companies.

As decided by the general body of creditors, we will be discharged from liability in respect of any of our actions as administrators 14 days after ceasing to act as administrators. Our appointment as administrators will cease on the date when the Registrar of Companies files this report on the Companies House website.

Background to the administration

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

- The Companies specialised in selling holiday packages through partnerships with hotels, airlines and travel suppliers. Packaged holidays were sold both directly to consumers via the Companies' proprietary technology platform and, through third party agents, with consumer bases in the UK and US. Annual revenues were c.£40m.
- FWT was the main trading entity of the business and was the contracting party with customers. FWA is a wholly owned subsidiary of FWT and was established to operate as a pass-through vehicle to purchase airline tickets. The UK Group is wholly owned by the Travelsmart Group. A summary of the group structure can be found in our Proposals.
- At the date of appointment, FWT employed 60 staff, predominantly based in the London head office, with operations and sales agents working from a satellite office in Sheffield and from home.
- In March 2020, as a result of the travel restrictions put in place across the globe, the Companies saw an almost complete cessation in new bookings and suffered cancellations across all destinations.
- Management took action to protect the cash position of the Companies and sought additional funding, both from its shareholders and by applying for a £5m loan under the Coronavirus Business Interruption Loan Scheme (CBILS). Both funding requests were rejected.
- PwC's initial role was to assist management in reviewing the cash flow requirements of the business and consider the options available. This subsequently became a role of preparing for and supporting the administration process, once it became apparent that no further funding would be available.

Immediately on our appointment, we secured and took control of the Companies' assets, which included:

- Cash at bank;
- Intellectual property;
- Fixtures and fittings;
- Intercompany book debts; and
- Debts with a book value of £2.4m.

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

Progress since we were appointed

Book debt collections

Airline debtors

Debtor balances were owed to FWA by airlines as a result of cancelled flights and future bookings. As at the date of appointment, approximately £2.4m was owed by airlines. To date, £1.8m has been received into the administration bank account in respect of airline refunds, of which c.£200k was received in the period of this report.

During the period, we have continued to liaise with a number of key airline debtors to provide information required to facilitate payment of refunds due. We continue to engage in discussions with the largest outstanding debtor (with a balance in excess of £100k), with a view to maximising realisations.

Due to the difficulties faced by the industry as a whole, it is currently considered unlikely that these debts will be recovered in full. Accordingly, we will continue to monitor the costs against expected realisations in order to ensure the strategy remains in the best interests of creditors.

Creditors will be updated with the progress of our collections in subsequent progress reports.

Travel debtors

Debts owed to FWT consisted predominantly of prepaid “early bird” discounts to hoteliers. As at the date of appointment, approximately £400k was owed. To date, c.£106k has been received into the administration bank account.

We continue to review the strategy in respect of these debts and recovery prospects. We have engaged a specialist external debt collection agency on a contingent fee basis to pursue certain larger debts.

Intercompany debtors

I. Intercompany debt owed by FWA to FWT

FWA was set up as a vehicle to buy the airline tickets for customers contracting with FWT and acted as a pass-through between the airline companies and FWT, funded fully by FWT. Accordingly, where airline refunds are due to FWA, the equivalent value is reflected as an intercompany debt due to FWT.

FWT will rank as an unsecured creditor in the FWA estate. Based on what we currently know, we anticipate FWT being the sole creditor, and therefore any distributable funds will flow solely from FWA to FWT.

II. Intercompany debt owed from Travelsmart to FWT

FWT has historically been the only cash generating business within the Travelsmart Group and therefore had been responsible for funding capital and interest payments due to the external lenders of Travelsmart. We understand that any funding provided was retained as an intercompany receivable on the balance sheet of FWT.

During the period, we have continued discussions with Travelsmart regarding the repayment of this debt. Given the commercial sensitivity of this claim, we are not disclosing within this report the information which has been provided, but continue to explore all options to ensure the best outcome for creditors of FWT.

Sale of assets

Intangible assets

You may recall from our previous reports that on appointment, FWT owned the intellectual property to its proprietary booking platform, a number of website domain names, various brand names and a customer database.

We instructed agents Hilco to value and market these assets. A marketing process was undertaken over the period of one month from appointment, with outreach to over 1,000 parties. We entered into discussions with interested parties to allow for a period of due diligence whilst an offer was negotiated. A number of offers were received, of which the highest was that of GCS Travel, a member of the Travelsmart Group. This offer was recommended to be accepted by Hilco. We subsequently accepted the offer on 29 September 2020, with all intellectual property rights transferring on that date.

You may recall from our proposals that prior to administration, GCS Travel had made a \$2.2m unsecured intra-group loan to FWT (approximately £1.7m) to enable it to meet the liquidity test required to retain its ATOL licence. This balance remained outstanding as at the date of appointment.

Consideration for the sale of intellectual property was £110k (including a £10k buyer's premium payable to Hilco), satisfied by the irrevocable release of the \$2.2m intra-group loan. Further sums may be owed to or by GCS Travel, pending the calculation of any future distribution to unsecured creditors. Further information will be provided in due course, once greater certainty can be had on the value of funds available to distribute to unsecured creditors.

We are satisfied that the offer from GCS Travel represented the best value to creditors in all circumstances.

Tangible assets

FWT owned a number of fixtures and fittings at both the London and Sheffield offices, consisting predominantly of office furniture and IT equipment. Hilco attended both sites upon our appointment to undertake a full valuation of the assets and negotiate with potential buyers.

Based on this valuation and our own assessment, it was agreed that it would not be cost-effective to pursue a sale of the assets at the Sheffield site, as they were unlikely to achieve a value higher than what would need to be paid in rent to maintain occupation while a sale was agreed.

As reported in our Proposals, the assets at the London site were sold for £8.7k. A small number of IT assets were held by retained employees to enable their continued support of the administration process. The majority of these assets have now been sold and a further £1.9k has been realised.

Other asset realisations

Cash at bank

The Companies held a number of bank accounts in various currencies, as well as accounts with Paypal, American Express, Wex and Ixaris. Slight currency fluctuations, combined with delays in accessing funds held in third party accounts, have meant that there is a small variance between the cash at bank figures in the directors' Statement of Affairs and the Administrators' Receipts and Payments account.

We have recovered the total sum of c.£6.1m from cash held in FWT's bank and credit accounts. Of the balance held by FWT, £2.9m was subject to a fixed charge held by the ATTF, and has been transferred to the ATTF. If the claim of ATTF is less than the amount of £2.9m then the ATTF will transfer any surplus funds back to the estate. We are undertaking discussions with the ATTF to ascertain the value of their claim and whether any funds will be available.

We have also recovered c.£266k of cash held in accounts belonging to FWA.

In order to facilitate the continued operation of the Companies' pre-appointment bank accounts for the purposes of collecting book debts, we have granted Lloyds Bank plc a fixed charge over a ring-fenced account holding £100k for the duration of the collection period. We expect these funds to be released from the fixed charge in full and remitted to the liquidation bank account once the accounts are no longer required to be kept open.

Sundry debts and refunds

Sundry refunds of c.£2k were received in the period by FWT, bringing the total amount received to £6.5k. These refunds relate to pre-appointment insurance claims and cancellation of prepaid services.

Interchange claims

During the period, FWT assigned its multilateral interchange fee claim in relation to overcharging for credit card merchant services to Henderson & Jones Limited - a litigation investment company - who will pursue the claim on our behalf. We have received an initial payment from Henderson & Jones Limited of £1,000 and we have further agreed a percentage share of any future recoveries. The timing and quantum of any realisations are dependent on a number of ongoing factors and therefore we are unable to estimate the outcome with certainty at this time. We will report the progress of this claim in subsequent reports in the liquidation.

Intercompany recharges

As the main trading entity prior to administration, FWT held all overhead supplier and employee contracts. Where services have continued to be provided during the administration, FWT has accordingly continued to pay these costs.

However, where services have been provided for the benefit of FWA (for example, IT costs for systems required for airline refund recovery), these were recharged on a regular basis to FWA to ensure that the costs are incurred by the entity which receives the benefit.

To date, costs incurred to 31 December 2020 have been recharged to FWA. Following a change in the SIP 9 guidance in relation to shared costs (applicable from 1 April 2021), further recharges would require consent of FWT's unsecured creditors via a decision procedure.

On the basis that we anticipate FWT being the sole creditor in FWA, we do not consider it commercial to recharge any further costs between the estates, given the cost will ultimately be borne by FWT's creditors regardless of which estate the funds are initially paid out of. Should this position change, we will provide an update in future reports and seek the consent of creditors if deemed necessary.

Property

You will recall from our Proposals that the Companies occupied two leasehold offices at the date of appointment, in London and Sheffield. On appointment, we attended the Sheffield office to inspect the property, however, it had already been largely vacated by the Companies months prior, due to the pandemic. As there was little value in the property by way of chattel assets or material value in the lease a surrender of the lease was offered to the landlord.

The Companies continued to occupy the London office in order to enable an orderly wind down of the business and ensure the Companies' books, records and assets were secured. The Companies vacated the property on 4 August 2020 and offered a surrender of the lease as there was little economic value in the remaining term of the lease which was due to run to September 2020.

Both leases have now ended, and amounts due for the short period of occupancy of the London office have been paid in full.

Customer refunds

As previously reported, we have worked with the CAA and the Companies' former merchant service providers to provide information necessary to allow for an expedient return of funds to travel customers. This has included the reconciliation of claims received against company records to verify outstanding balances owed, and regular correspondence between parties to update on the progress of refunds and expected timelines.

We understand that the deadline for submitting a claim in respect of ATOL-protected purchases is the 12 month anniversary of the appointment of administrator, and therefore we expect to shortly be in a position to finalise amounts owed in respect of customer refunds and commence formal adjudication of these claims.

Employees

As detailed in our proposals, FWT employed 60 employees. Immediately following our appointment, we were unfortunately required to make 49 redundancies.

We initially retained 11 employees to assist in the wind-down of the Companies' activities, of whom 7 were made redundant prior to the reporting period. Additionally, one former employee was rehired on a temporary basis to assist in the airline refund collections process.

During the period, the retained employees continued working within social distancing guidelines and Government advice in relation to COVID-19. These employees assisted with the debt recovery process, as well as reviewing balances owed to a number of FWT's suppliers. All remaining employees were made redundant on 30 April 2021.

Specialist staff from PwC have been in communications with the RPS to enable an efficient payment of the statutory amounts available. There is one ongoing employment tribunal claim, which we are actively seeking to resolve to enable the dividend to preferential creditors to be paid.

Creditors

As previously reported, we have spent considerable time liaising with customers - via both email and the designated helpline - to advise them on the most appropriate way to claim. This has included, where necessary, liaising with the ATTF and merchant service providers on individual customer claims to ensure customers are able to claim refunds as expediently as possible.

Since appointment, we have received c.2,700 emails from customers, suppliers and employees requesting further information regarding the administration. These queries continue to be received and responded to.

A designated creditor portal was set up to allow the submission of creditor claims (other than those claims which are eligible for refunds via the ATTF or credit card issues). Over 360 creditors have submitted claims via the portal to date. We continue to monitor this facility, downloading and filing any new claims received. This has also involved the periodic reissue of letters containing portal login details to creditors, where the original has not been received.

During the period, we worked with the retained Fleetway employees to perform a review of certain more complex supplier claims received, with a view to enabling a more efficient and economical adjudication process.

We intend to commence the formal claims adjudication process shortly after the Companies move to liquidation.

Pensions

FWT participated in the People's Pension scheme prior to administration. During the prior period, we instructed our specialist pensions colleagues to complete the required pensions activities, including issuing statutory notices on appointment; establishing details of outstanding pre-appointment pensions contributions; liaising with the RPS to allow for outstanding contributions to be paid.

Whilst employees continued to be retained for the benefit of the administrations, all post-appointment pension contributions for retained employees were paid in line with statutory deadlines. Following the redundancy of the remaining employees, we arranged for the closure of FWT's account with the People's Pension, and notified The Pensions Regulator to confirm automatic enrolment duties were no longer applicable.

Tax and VAT

The Administrators assume responsibility for the Companies' corporation tax returns during the period of administration. We have been liaising with our specialist tax team at PwC to bring the Companies' tax positions up to date and to submit the necessary returns during the administrations. We have also sought advice in connection with the sale of the intellectual property.

During the administrations our specialist VAT team has advised on the VAT implications of the disposal of assets, as well as preparing pre-appointment and post-appointment VAT returns.

During the reporting period, we have continued to manage the VAT affairs of the Companies, with all VAT returns up to the quarter ending 30 April 2021 submitted. We will continue to prepare the quarterly VAT returns for the Companies during the liquidation until it is deemed appropriate to deregister from VAT.

Connected party transactions

In accordance with SIP13, we are required to disclose any known connected party transactions that occurred in the period following our appointment or any proposed connected party transactions. The following connected party transactions occurred during the administration.

Sale of assets to GCS Travel

As detailed in the 'Sale of assets' section of this report, all industrial and intellectual property rights were sold in the prior period to GCS Travel, a wholly-owned subsidiary of DH Enterprises & Associates (Fleetway's US sister company) and part of the Travelsmart Group. We consider that the sale to GCS Travel resulted in the best value being achieved for creditors in all circumstances.

Sale of IT equipment to company director and employees

Following the cessation of the activities being undertaken by the retained Fleetway collections team, certain items of IT equipment that were being used by the team were sold to the company director and certain retained

employees. The value of the equipment was compared to that of the IT equipment sold by agents during the prior period, and in total we received £633 for these items.

We consider that in the circumstances, the relative low value of the equipment, comparison of value to similar equipment, as well as the savings to the administration that were achieved in not incurring postage or additional marketing costs, meant that the sale represented the best value to creditors.

Sale of airline voucher to company employee

Following the wind-down of the airline debt collection activities, a residual airline voucher remained with a face value of £449.86 that we had been unable to convert to a cash refund. As the Companies are not in a position to use this voucher, in order to save on the time and expenses that would be incurred were we to market the vouchers more widely, we agreed a sale of the voucher to one of the retained employees for £200. We considered this sale represented the best value to creditors.

Approval of our proposals

We issued to creditors our proposals for achieving the purpose of administration, dated 4 September 2020. The general body of creditors approved our proposals on 20 September 2020, without modifications, by a deemed consent procedure.

We attach a summary of our proposals at Appendix A.

Investigations and actions

Nothing came to our attention during the period under review 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.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administrations from 13 January 2021 to 12 July 2021, as well as cumulative amounts paid from the Joint Administrators' date of appointment.

Our expenses

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

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course in the successive liquidations because amounts due will depend on the position at the end of the tax accounting period.

Our fees

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

Pre-administration costs

You can find in Appendix E information about the approval of 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 contacting Josh Liburd on 020 7583 5000 or emailing at uk_fleetway_queries@pwc.com.

Ongoing matters

There remain a number of outstanding matters, summarised below, which will be dealt with in the subsequent liquidations.

Realisation of remaining assets

As detailed earlier in this report, there remain a number of assets to be realised in each of the Companies, and these realisations will be pursued by the respective liquidators. These include:

- Finalise collections of the book debts owed to the Companies;
- Conclude the intercompany debt position and collect any sums due as a result;
- Finalise any fixed asset realisations and recover funds from agents; and
- Recover any applicable amount under the multilateral interchange claim.

Other issues

In addition to the remaining asset realisations, the other key remaining matters we need to deal with are:

- Agree and settle business wind-down and other costs of the administrations;
- Adjudicate preferential and unsecured creditor claims;
- Issue a dividend to preferential creditors (FWT only);
- Issue a dividend to unsecured creditors; and
- Conclude our statutory obligations, including VAT and tax matters on the case.

Discharge from liability

In accordance with decisions of the creditors in each of the Companies, the Administrators will be discharged from liability pursuant to paragraph 98(1) SchB1 IA86 in respect of any action of theirs as administrators 14 days after they cease to be administrators of the relevant company.

Next report

The next report to creditors will be circulated by the Liquidators in approximately 12 months.

If you've got any questions, please contact Josh Liburd at uk.fleetway.queries@pwc.com.

Yours faithfully
For and on behalf of the Companies



Steven Sherry
Joint Administrator

Appendix A: Summary of our proposals

We set out below a brief summary of our proposals dated 4 September 2020. A full copy of our proposals is available on the case website at pwc.co.uk/fleetwaytravel.

The Administrators made the following proposals for achieving the purpose of administration for each of the Companies:

1. The Administrators will continue to manage and finance the Company's business, affairs and property from trading revenues/asset realisations/other in such manner as they consider expedient with a view to rescuing the Company as a going concern or 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) or realising property in order to make a distribution to one or more secured or preferential creditors.
2. The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985/2006 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
3. If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator or supervisor of a company voluntary arrangement/scheme of arrangement and that the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration (where the Administrators think there will be sufficient funds for a distribution to unsecured creditors other than by virtue of the prescribed part) or out of the prescribed part as costs associated with the prescribed part (where the Administrators think that funds will become available to the unsecured creditors by virtue of the prescribed part but not otherwise).
4. A creditors' committee will be established if sufficient creditors are willing to act on it. The Administrators propose to seek the election of a creditors' committee and to consult with it from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors.
5. The Administrators will consult with the creditors' committee concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension.
6. The Administrators may use any or a combination of 'exit route' strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances:
 - a. Once asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Steven Sherry and David Baxendale be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch.B1 IA86 and Rule 2.117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved; and
 - b. The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of theirs as Administrators 14 days after they cease to be joint administrators of the Company or in any case at a time determined by the court.
7. It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that Category 2 disbursements (as defined by Statement of Insolvency Practice No.9) be charged in accordance with their firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the unsecured creditors.

Appendix B: Receipts and payments

| Statement of Affairs (£) | FWT - Receipts & Payments Account | 13 Jul 20 to 12 Jan 21 (£) | 13 Jan 21 to 12 Jul 21 (£) | Total (£) |
|--------------------------|--|----------------------------|----------------------------|---------------------|
| | ASSETS SUBJECT TO FIXED CHARGE | | | |
| | Receipts | | | |
| 2,918,305 | Balance held in ATTF account on appointment | 2,918,305.25 | - | 2,918,305.25 |
| | Total receipts | 2,918,305.25 | - | 2,918,305.25 |
| | Payments | | | |
| | Total payments | - | - | - |
| | Distributions | | | |
| | First and final distribution to secured creditor | (2,918,305.25) | - | (2,918,305.25) |
| | Net cash position | - | - | - |
| | UNCHARGED ASSETS | | | |
| | Receipts | | | |
| 3,177,914 | Cash in hand on appointment | 3,159,538.29 | 1,148.37 | 3,160,686.66 |
| | Intercompany recharges | 206,268.33 | - | 206,268.33 |
| 599,368 | Book debts | 106,459.24 | 200.00 | 106,659.24 |
| | Sundry debts and refunds | 4,580.17 | 1,994.55 | 6,574.72 |
| 250,000 | Intangible assets | - | - | - |
| 10,000 | Tangible assets | 9,325.00 | 383.33 | 9,708.33 |
| | Assignment of Interchange claim | - | 1,000.00 | 1,000.00 |
| | Funding from third parties | 4,478.91 | - | 4,478.91 |
| | Bank interest | 47.97 | - | 47.97 |
| | Third party funds | 37,113.54 | (37,113.54) | - |
| 828,240 | Intercompany debtors | - | - | - |
| | Total receipts | 3,527,811.45 | (32,387.29) | 3,495,424.16 |
| | Payments | | | |
| | IT costs | (44,401.24) | (9,550.21) | (53,951.45) |
| | Agents' fees and expenses | (39,435.39) | - | (39,435.39) |
| | Legal fees and expenses | (49,793.09) | (1,000.00) | (50,793.09) |
| | Pre-appointment legal fees | - | (13,479.93) | (13,479.93) |
| | Pre-appointment administrators' fees | - | (76,469.12) | (76,469.12) |
| | Professional fees | (373.70) | (252.50) | (626.20) |
| | Insurance | (926.24) | (448.00) | (1,374.24) |
| | Rent and rates | - | (23,365.45) | (23,365.45) |
| | Statutory advertising | (83.00) | - | (83.00) |
| | Wages and salaries | (127,388.19) | (40,361.97) | (167,750.16) |
| | PAYE/NIC and pension deductions | (64,956.66) | (30,643.59) | (95,600.25) |
| | Employee/subcontractor costs & expenses | (83,306.31) | (16,221.26) | (99,527.57) |
| | Duress | (1,678.42) | - | (1,678.42) |
| | Sundry expenses | (711.83) | - | (711.83) |
| | Bank charges | (105.00) | (75.00) | (180.00) |
| | Irrecoverable VAT | - | (200.00) | (200.00) |
| | Total Payments | (413,159.07) | (212,067.03) | (625,226.10) |
| | Net cash position | 3,114,652.38 | (244,454.32) | 2,870,198.06 |
| | VAT Control Account | 1,131.73 | (45,392.47) | (44,260.74) |
| | Total cash in hand | 3,115,784.11 | (289,846.79) | 2,825,937.32 |

| Statement of Affairs (£) | FWA Receipts & Payments Account | 13 Jul 20 to 12 Jan 21 (£) | 13 Jan 21 to 12 Jul 21 (£) | Total (£) |
|--------------------------|--------------------------------------|----------------------------|----------------------------|---------------------|
| Receipts | | | | |
| 331,050 | Cash in hand on appointment | 266,380.75 | - | 266,380.75 |
| 2,436,000 | Book debts | 1,634,745.08 | 196,031.52 | 1,830,776.60 |
| | Sundry debts & refunds | 12.94 | - | 12.94 |
| 754,994 | Intercompany debtors | - | - | - |
| | Total receipts | 1,901,138.77 | 196,031.52 | 2,097,170.29 |
| Payments | | | | |
| | Intercompany recharges | (205,248.33) | - | (205,248.33) |
| | Legal fees & expenses | (10,845.50) | (1,000.00) | (11,845.50) |
| | Pre-appointment legal fees | - | (4,747.44) | (4,747.44) |
| | Pre-appointment administrators' fees | - | (35,744.38) | (35,744.38) |
| | Debt collection fees | (2,683.18) | - | (2,683.18) |
| | Statutory advertising | (83.00) | - | (83.00) |
| | Irrecoverable VAT | - | (200.00) | (200.00) |
| | Collateral held by Lloyds Bank plc | (100,000.00) | - | (100,000.00) |
| | Total Payments | (318,860.01) | (41,691.82) | (360,551.83) |
| | Net cash position | 1,582,278.76 | 154,339.70 | 1,736,618.46 |
| | VAT Control Account | (44,432.35) | (8,098.37) | (52,530.72) |
| | Total cash in hand | 1,537,846.41 | 146,241.33 | 1,684,087.74 |

Notes to the R&Ps:

1. "Collateral held by Lloyds Bank plc" relates to the funds held as collateral while we require the Companies' pre-appointment bank accounts to remain open to collect debtor recoveries. We expect this amount to be returned to FWA in full once the accounts are no longer required.
2. Cash is held in interest-bearing accounts.
3. Funds currently held may include monies due to HMRC, or exclude monies which will be received in due course from HMRC.
4. In Appendix C we explain what work has been subcontracted out (that would otherwise have been done by us). The amounts paid for those services during the period were £16,221.26, bringing the total paid during the administration to £92,570.10. These costs are included in 'Employee/subcontractor costs & expenses' above.

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 approve our fees (in this case the unsecured creditors) also have the responsibility for agreeing the policies for payment of Category 2 expenses. To date, no Category 2 expenses have been approved for payment by creditors.

The following table provides a breakdown of the Category 2 expenses that have been incurred by us as administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to FWT.

No expenses of this nature were incurred for the benefit of FWA during the reporting period.

| Category | Costs incurred by | Policy | Costs incurred £ |
|--------------|-------------------|---|------------------|
| 2 | PwC | Printing at 12 pence per sheet copied, only charged for circulars to creditors and other bulk copying | 158.00 |
| 1 | PwC | Postage and Courier Costs | 302.00 |
| 1 | PwC | Storage Costs | 60.00 |
| Total | | | 520.00 |

The following tables provide details of the expenses incurred in the administrations of each of the Companies. All amounts are stated in GBP (£).

The tables 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.

Any further expenses relating to the administration will be paid in the liquidation.

Notes to the Expenses Tables:

1. Wholly or partially relates to costs paid by FWT and recharged to FWA (where FWA has received the benefit of the service provided). Such costs paid by FWT up to 31 December 2020 have been recharged. As per the "Intercompany Recharges" section of this report, we do not intend to recharge any further costs between FWT and FWA.
2. Debt collection fees relate to fees charged by third parties, such as credit card companies, for the processing of certain refunds.
3. Debt collection agent's fees were charged as a % of realisations.
4. A proportion of IT and employee costs have been recharged to Travelsmart Holdings Limited, in relation to costs incurred in assisting with its annual external audit process. No further recharges are expected in relation to this matter.
5. Certain brought forward amounts have been altered from the previous report. This is as a result of certainty being obtained on costs that were previously estimates, and therefore we have revised the figures to reflect the actual amount paid.

The table also excludes any potential tax liabilities that we may need to pay in the subsequent liquidations because amounts becoming due will depend on the position at the end of the tax accounting period.

FWT

| Nature of expenses | Brought forward from prior period | Incurred in the period | Cumulative | Estimated Future | Anticipated Total | Initial Estimate | Variance |
|--|-----------------------------------|------------------------|----------------|------------------|-------------------|------------------|---------------|
| Agents' fees and disbursements - Hilco | 39,435 | - | 39,435 | - | 39,435 | 39,935 | (500) |
| Bank charges ¹ | 105 | 75 | 180 | - | 180 | 165 | 15 |
| Debt collection fees ² | - | 16,221 | 16,221 | - | 16,221 | - | 16,221 |
| Duress payments | 1,678 | - | 1,678 | - | 1,678 | 1,678 | - |
| Gross wages, salaries and other staff costs ¹ | 302,072 | 71,006 | 373,078 | - | 373,078 | 343,134 | 29,944 |
| Insurance ¹ | 926 | 448 | 1,374 | - | 1,374 | 1,426 | (52) |
| IT costs ^{1 2} | 45,729 | 9,550 | 55,279 | - | 55,279 | 50,527 | 4,752 |
| Legal fees and expenses | 50,793 | - | 50,793 | - | 50,793 | 50,793 | - |
| Mail redirection | 642 | - | 642 | - | 642 | 642 | - |
| Office holders' disbursements | 18,749 | 520 | 19,269 | 2,480 | 21,749 | 21,749 | - |
| Pre-administration costs - PwC | 76,469 | - | 76,469 | - | 76,469 | 76,469 | - |
| Pre-administration costs - Eversheds ⁵ | 13,480 | - | 13,480 | - | 13,480 | 12,000 | 1,480 |
| Professional fees - payroll administration ¹ | 475 | 253 | 727 | - | 727 | 577 | 151 |
| Rent and utilities ⁵ | 23,365 | - | 23,365 | - | 23,365 | 27,206 | (3,841) |
| Statutory advertising | 83 | - | 83 | 250 | 333 | 333 | - |
| Storage costs | 2,500 | - | 2,500 | - | 2,500 | 2,500 | - |
| Total expenses | 576,502 | 98,073 | 674,575 | 2,730 | 677,305 | 629,136 | 48,169 |

FWA

| Nature of expenses | Brought forward from prior period | Incurred in the period | Cumulative | Estimated Future | Anticipated Total | Initial Estimate | Variance |
|--|-----------------------------------|------------------------|----------------|------------------|-------------------|------------------|-----------------|
| Bank charges ¹ | 60 | - | 60 | - | 60 | 110 | (50) |
| Debt collection fees ² | 2,092 | - | 2,092 | - | 2,092 | 3,092 | (1,000) |
| Debt collection agent's fees ^{1 3} | 76,349 | - | 76,349 | - | 76,349 | 91,349 | (15,000) |
| Gross wages, salaries and other staff costs ¹ | 98,617 | - | 98,617 | - | 98,617 | 123,617 | (25,000) |
| Insurance ¹ | 627 | - | 627 | - | 627 | 1,127 | (500) |
| IT costs ^{1 4} | 35,668 | - | 35,668 | - | 35,668 | 38,368 | (2,700) |
| Legal fees and expenses ¹ | 21,118 | - | 21,118 | - | 21,118 | 30,118 | (9,000) |
| Office holders' disbursements | - | - | - | 3,000 | 3,000 | 3,000 | - |
| Pre-administration costs - PwC | 35,744 | - | 35,744 | - | 35,744 | 35,744 | - |
| Pre-administration costs - Eversheds ⁵ | 4,747 | - | 4,747 | - | 4,747 | 5,609 | (862) |
| Professional fees - payroll administration ¹ | 102 | - | 102 | - | 102 | 262 | (160) |
| Statutory advertising | 83 | - | 83 | 250 | 333 | 333 | - |
| Total expenses | 275,208 | - | 275,208 | 3,250 | 278,458 | 332,730 | (54,272) |

Appendix D: Remuneration update

Our fees were approved on a time costs by the general body of creditors. Fees in relation to time incurred during the administrations will be drawn in the liquidations.

The time cost charges incurred in the period from 13 January to 11 July 2021 were £121k for FWT and £63k for FWA. This amount does not necessarily reflect how much we will draw as fees for this period.

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

Our time charging policy and hourly rates

We and our team charged our time for the work we needed to do in the administrations. 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. We called on colleagues in our Tax, VAT, Real Estate and Pensions departments where we needed their expert advice. Their specialist charge-out rates varied but the following were the maximum rates by grade per hour.

| Grade | Standard | | Specialist | | |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | From 1 Jul 2020 | From 1 Jul 2021 | From 1 Jul 2019 | From 1 Sep 2020 | From 1 Jul 2021 |
| Partner | 850 | 980 | 1,520 | 1,600 | 1,680 |
| Director | 720 | 865 | 1,465 | 1,465 | 1,540 |
| Senior Manager | 585 | 685 | 1,290 | 1,355 | 1,190 |
| Manager | 475 | 595 | 775 | 815 | 860 |
| Senior Associate | 390 | 480 | 575 | 605 | 640 |
| Associate | 245 | 350 | 305 | 325 | 345 |
| Offshore professionals | 245 | 280 | N/A | N/A | 190 |
| Support staff | 125 | 160 | 250 | 230 | 190 |

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

Our hours and average rates

| Category of work | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Total for the Reporting Period | | | Cumulative to 11 July 2021 | | | Total Fee Estimate | | |
|----------------------------------|--------------|-------------|----------------|--------------|------------------|---------------|--------------------------------|----------------|---------------------|----------------------------|----------------|---------------------|--------------------|----------------|---------------------|
| | | | | | | | Total Hours | Total Cost (£) | Average Hourly Rate | Total Hours | Total Cost (£) | Average Hourly Rate | Total Hours | Total Cost (£) | Average Hourly Rate |
| Accounting & treasury | - | - | 0.75 | 3.45 | 19.95 | 24.85 | 49.00 | 15,996 | 326 | 185.00 | 60,025 | 324 | 124.65 | 45,379 | 364 |
| Assets | 2.55 | - | - | 1.40 | 6.30 | 9.60 | 19.85 | 7,909 | 398 | 388.10 | 98,014 | 253 | 398.25 | 102,105 | 256 |
| Business wind-down | 2.00 | - | 0.20 | - | 0.40 | 5.20 | 7.80 | 3,457 | 443 | 146.20 | 58,833 | 402 | 141.40 | 56,576 | 400 |
| Creditors | 0.50 | - | 0.95 | - | 7.00 | 70.30 | 78.75 | 20,766 | 264 | 308.35 | 94,629 | 307 | 349.40 | 138,511 | 396 |
| Employees & pensions | 1.50 | - | 2.15 | 12.05 | 5.75 | 10.70 | 32.15 | 14,599 | 454 | 180.51 | 89,075 | 493 | 173.30 | 87,664 | 506 |
| Investigations | - | - | - | - | - | - | - | - | - | 15.60 | 4,384 | 281 | 15.60 | 4,384 | 281 |
| Statutory & compliance | 15.40 | 0.70 | 1.65 | 6.60 | 23.65 | 51.70 | 99.70 | 41,613 | 417 | 475.60 | 198,968 | 418 | 442.60 | 185,143 | 418 |
| Strategy & planning | 0.50 | 0.10 | 1.20 | 0.85 | 4.35 | 9.60 | 16.60 | 5,773 | 348 | 48.25 | 17,254 | 358 | 41.65 | 16,232 | 390 |
| Tax & VAT | - | - | 4.95 | 3.60 | 1.10 | 7.80 | 17.45 | 11,160 | 640 | 37.25 | 23,811 | 639 | 60.15 | 38,568 | 641 |
| Total | 22.45 | 0.80 | 11.85 | 27.95 | 68.50 | 189.75 | 321.30 | 121,273 | 377 | 1,784.86 | 644,992 | 361 | 1,747.00 | 674,560 | 386 |

| Category of work | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Total for the Reporting Period | | | Cumulative to 11 July 2021 | | | Total Fee Estimate | | |
|-----------------------------------|--------------|-------------|----------------|-------------|------------------|--------------|--------------------------------|----------------|---------------------|----------------------------|----------------|---------------------|--------------------|----------------|---------------------|
| | | | | | | | Total Hours | Total Cost (£) | Average Hourly Rate | Total Hours | Total Cost (£) | Average Hourly Rate | Total Hours | Total Cost (£) | Average Hourly Rate |
| Accounting & treasury | - | - | 0.05 | 0.30 | 6.55 | 5.70 | 12.60 | 4,124 | 327 | 80.45 | 29,667 | 369 | 87.85 | 33,594 | 382 |
| Assets | 5.25 | - | - | - | 25.20 | 2.30 | 32.75 | 15,484 | 473 | 264.90 | 138,089 | 521 | 268.55 | 141,618 | 527 |
| Business wind-down | 1.50 | - | - | - | 2.70 | 0.30 | 4.50 | 2,559 | 569 | 99.95 | 49,382 | 494 | 103.45 | 49,943 | 483 |
| Creditors | - | - | - | - | 1.50 | 0.50 | 2.00 | 716 | 358 | 7.75 | 3,387 | 437 | 30.55 | 13,896 | 455 |
| Investigations | - | - | - | - | - | - | - | - | - | 11.50 | 3,351 | 291 | 11.50 | 3,351 | 291 |
| Statutory & compliance | 5.15 | 0.70 | 1.65 | 3.20 | 25.35 | 45.20 | 81.25 | 29,328 | 361 | 229.30 | 90,881 | 396 | 225.75 | 93,706 | 415 |
| Strategy & planning | 0.50 | 0.10 | 0.80 | 0.85 | 3.40 | 5.75 | 11.40 | 4,183 | 367 | 33.80 | 12,122 | 359 | 37.40 | 15,064 | 403 |
| Tax & VAT | - | - | 2.15 | 2.55 | 1.00 | 6.15 | 11.85 | 6,630 | 559 | 20.90 | 11,991 | 574 | 38.70 | 23,919 | 618 |
| Total | 12.40 | 0.80 | 4.65 | 6.90 | 65.70 | 65.90 | 156.35 | 63,025 | 403 | 748.55 | 338,870 | 453 | 803.75 | 375,091 | 467 |

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:

| Area of work | Work undertaken | Why the work was necessary and what, if any, financial benefit the work provided to creditors, or whether it was required by statute |
|---|--|--|
| Accounting & treasury | <ul style="list-style-type: none"> ● Dealing with receipts, payments and journals ● Carrying out periodic bank reconciliations ● Corresponding with bank regarding specific transfers | <ul style="list-style-type: none"> ● Many tasks required by regulation, for the proper management of funds held |
| Assets | <ul style="list-style-type: none"> ● Management of debtor ledger and oversight of debtor collection activities ● Correspondence with debtors, including escalation letters and dealing with counter claims ● Work in relation to inter-company claims ● Dealing with remaining IT assets, including recovery and sale (FWT only) ● Ensuring ongoing insurance cover is appropriate and liaising with insurers | <ul style="list-style-type: none"> ● To maximise realisations for creditors |
| Business wind-down | <ul style="list-style-type: none"> ● Arranging purchase orders and payments to ongoing suppliers ● Liaising with management and retained staff ● General oversight of the wind-down activities | <ul style="list-style-type: none"> ● Financial benefit to creditors in securing and realising assets ● Required for the orderly wind-down of the business |
| Creditors (primarily FWT) | <ul style="list-style-type: none"> ● Receipting and filing claims ● Overseeing the initial claims review process completed by retained employees ● Receiving and following up creditor enquiries via telephone, email and post ● Reviewing and preparing correspondence to creditors and their representatives ● Liaising with secured creditor | <ul style="list-style-type: none"> ● Benefit to creditors in ensuring claims are logged for dividend purposes, and creditors are kept informed of case progression |
| Employees & pensions (FWT <u>only</u>) | <ul style="list-style-type: none"> ● Ongoing discussions throughout the wind-down period with retained members of staff ● Planning for and making redundancies, and dealing with queries from redundant employees ● Dealing with payroll matters for employees ● Liaising with the RPS to facilitate resolution of any issues, enabling timely payments to employees ● Liaising with former employee in relation to employment tribunal claim ● Dealing with pension scheme issues and ensuring pension contributions are made | <ul style="list-style-type: none"> ● Keeping employees informed and dealing with the impact of the pandemic ● Required for the proper management of the administration ● Some tasks required by regulation or best practice |
| Statutory & compliance | <ul style="list-style-type: none"> ● Updating checklists and case diary management ● Issuing the administrators' remuneration report ● Preparing decision notices and recording outcome ● Issuing the administrators' six monthly progress report ● Drafting the administrators' final progress report | <ul style="list-style-type: none"> ● Required by statute ● Ensures creditors are kept apprised of case progression |

| | | |
|--------------------------------|--|---|
| | <ul style="list-style-type: none"> • Completion of tasks required to move companies from administration to liquidation | |
| Strategy & planning | <ul style="list-style-type: none"> • Holding team meetings and discussions regarding status of administration • Reviewing the administration strategy to ensure it is appropriate and being progressed | <ul style="list-style-type: none"> • Some tasks required by statute or regulation and ensures the proper management of the administrations |
| Tax & VAT | <ul style="list-style-type: none"> • Preparing quarterly post-appointment VAT returns • Commencing preparation of post-appointment tax returns | <ul style="list-style-type: none"> • Required to act as proper officer for the Companies' tax and VAT affairs |

Our previous work

As this progress report is the first to be issued following the approval of the basis of our fees, below are details of work carried out by the administrators in previous periods.

| Area of work | Work undertaken | Why the work was necessary and what, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|----------------------------------|---|---|
| Accounting & treasury | <ul style="list-style-type: none"> • Opening and closing bank accounts and arranging facilities • Dealing with receipts, payments and journals • Carrying out bank reconciliations and managing investment of funds • Corresponding with bank regarding specific transfers | <ul style="list-style-type: none"> • Many tasks required by regulation, for the proper management of funds held |
| Assets | <ul style="list-style-type: none"> • Discussions with landlords in relation to property occupation • Reconciliation of debtor ledger and oversight of debtor collection activities • Correspondence with debtors, including escalation letters and dealing with counter claims • Work in relation to inter-company claims • Dealing with fixtures and fittings at properties (FWT) • Dealing with IT assets, including recovery and sale (FWT) • Dealing with third party assets (FWT) • Ensuring ongoing insurance cover is appropriate and liaising with insurers | <ul style="list-style-type: none"> • Financial benefit for creditors by monetising assets which can be distributed |
| Business wind-down | <ul style="list-style-type: none"> • Attending on site to facilitate the implementation of our wind-down strategy and provide management with necessary support • Liaising with suppliers and agreeing revised terms and duress payments where required and arranging purchase orders and payment of suppliers when needed • Liaising with management and staff • General oversight of the wind-down activities | <ul style="list-style-type: none"> • Financial benefit to creditors in securing and realising assets • Required for the orderly wind-down of the business |
| Creditors (primarily FWT) | <ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports • Receipting and filing over 330 claims • Receiving and following up creditor enquiries via telephone, email and post | <ul style="list-style-type: none"> • Benefit to creditors in ensuring claims are logged for dividend purposes |

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> ● Reviewing and preparing correspondence to creditors and their representatives ● Liaising with secured creditor | |
| Employees & pensions (FWT only) | <ul style="list-style-type: none"> ● Communicating with employees via an initial webex and issuing initial communications ● Preparing letters to employees advising of their entitlements and options available ● Ongoing discussions throughout the wind-down period with retained members of staff ● Planning for and making redundancies, and dealing with queries from redundant employees ● Dealing with payroll matters for employees ● Dealing with the impact of Coronavirus on retained employees ● Dealing with pension scheme issues and ensuring pension contributions are made | <ul style="list-style-type: none"> ● Required for the proper management of the administration ● Some tasks required by regulation or best practice ● Keeping employees informed and dealing with the impact of the pandemic |
| Investigations | <ul style="list-style-type: none"> ● Collecting and reviewing company books and records ● Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills | <ul style="list-style-type: none"> ● Required by statute |
| Statutory & compliance | <ul style="list-style-type: none"> ● Issuing statutory notices on appointment ● Drafting and issuing the administrators' proposals document and seeking approval from creditors to the administrators' proposals ● Updating checklists and case diary management ● Drafting the administrators' remuneration report ● Drafting the administrators' six monthly progress report | <ul style="list-style-type: none"> ● Required by statute |
| Strategy & planning | <ul style="list-style-type: none"> ● Completing tasks relating to job acceptance ● Holding team meetings and discussions regarding status of administration ● Reviewing the administration strategy to ensure it is appropriate and being progressed | <ul style="list-style-type: none"> ● Some tasks required by statute or regulation and ensures the proper management of the administrations |
| Tax & VAT | <ul style="list-style-type: none"> ● Gathering information in relation to the Companies' tax and VAT affairs | <ul style="list-style-type: none"> ● Required to act as proper officer for the Companies' tax and VAT affairs |

Payments to associates

No payments have been made to associates during the period of this report.

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.

Details of subcontracted work

We have subcontracted book debt collections work to Benjamin Braude, a former director of the Companies. This work could have been done by the administrators' staff, however, it was more appropriate to subcontract the work for cost-effectiveness purposes and given Mr Braude's knowledge of both the industry and the Companies. Amounts paid in respect of this work are included in the FWT receipts and payments account in Appendix B, and were calculated as a % of realisations received from 1 August 2020. This contract has now ended and no further payments are due.

Legal and other professional firms

We've instructed the following professionals on this case:

| Service provided | Name of firm | Reason selected | Basis of fees |
|--|--|---|---------------------------------------|
| Legal advice, including: <ul style="list-style-type: none">advising on the appointment of the Administrators;validity of security and validity of appointment advice; andgeneral advice provided to the Joint Administrators in support of their statutory duties. | Eversheds Sutherland (International) LLP | Industry knowledge / insolvency expertise | Time costs and disbursements |
| Legal advice, including: <ul style="list-style-type: none">corresponding with key supplier on continuation of service provision. | Fieldfisher LLP | Industry knowledge / insolvency expertise | Time costs |
| Asset valuation agents, including: <ul style="list-style-type: none">valuation reports of tangible and intangible assets;marketing the intellectual property; andfacilitating the collection of assets from employees. | Hilco | Industry knowledge / insolvency expertise | Percentage of realisations, fixed fee |
| Book debt collections | Benjamin Braude (former director) | Industry knowledge / knowledge of the Companies | Percentage of realisations |
| Book debt collections | Pythagoras Capital Limited | Specialist knowledge and experience | Percentage of realisations |
| Insurance | JLT Specialty Limited | Industry knowledge | Fixed fee |
| Payroll administration | 1st Choice Payroll Limited | Knowledge of the Companies | Fixed fee |

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

Appendix E: Pre-administration costs

The following costs incurred before our appointment with a view to the Company going into administration were approved for payment on 3 March 2021 and paid during the reporting period.

| | Paid amount (£) | |
|--|------------------|------------------|
| | FWT | FWA |
| Our fees as Administrators-in-waiting | 76,469.12 | 35,744.38 |
| Expenses incurred by us as Administrators-in-waiting | 13,480.93* | 4,747.44 |
| Total | 89,950.05 | 40,491.82 |

**Includes the amount previously disclosed in USD (\$), relating to legal advice provided by Eversheds US counsel on the applicability of certain US data protection provisions to the sale of the Companies' intangible assets.*

Appendix F: Other information

| | |
|---|--|
| Court details for the administration: | High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD) Fleetway Travel Limited - CR-2020-003047 Fleetway Aviation Limited - CR-2020-003048 |
| Full names and registered numbers: | Fleetway Travel Limited - 02157381 Fleetway Aviation Limited - 06437175 |
| Registered address: | PricewaterhouseCoopers LLP, 8th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL |
| Company directors at the date of administration: | Benjamin Braude and Stuart Robert Jackson, for each of the Companies |
| Shareholdings held by the directors: | N/A |
| Date of the Administrators' appointments: | 13 July 2020 |
| Administrators' names and addresses: | Steven Sherry and David Baxendale of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Contact my colleague, Josh Liburd, at: uk_fleetway_queries@pwc.com |
