

Joint Administrators' progress report from 13 July 2020 to 12 January 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 February 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
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 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 Company's 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 their 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 writing to update you on the progress of the administrations of the Companies in the 6 months since our appointments.

You can view our proposals on our website at www.pwc.co.uk/fleetwaytravel. Please get in touch with Charlotte Smith 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 6 months
Unsecured creditors	20 - 26	14 - 20	At least 12 months

Fleetway Aviation Limited

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)	Estimated timing
Unsecured creditors	25 - 40	19 - 36	At least 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, we reported that 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.

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 and will update creditors further in our future reports.

FWA does not have any preferential creditors.

Unsecured creditors

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 20 and 26 percent, and FWA's unsecured creditors may get a dividend of between 25 and 40 percent. The likely dividend for unsecured creditors has increased from the figures reported in our Proposals, due to the higher than anticipated level of realisations in the administrations thus far.

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.

As provided in our Proposals, we've asked for outstanding claims from creditors so that we can agree claims in principle. This should help us pay a dividend to creditors earlier than might otherwise be the case once we've decided the most appropriate way to distribute the monies.

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

What you need to do

We stated in our Proposals that we believe there may be a distribution to unsecured creditors other than from the prescribed part, which is further explained above.

We are therefore seeking a creditors' decision on the following matters:

- the formation of a creditors' committee;
- if creditors don't form a committee, the approval for payment of the unpaid pre-administration costs, as set out in Appendix C, as an administration expense; and
- if creditors don't form a committee, the basis of our fees and Category 2 disbursements, as set out in Appendix D.

Should you wish to vote on these matters in respect of FWT, please complete and return the decision by correspondence form included within the remuneration report, available on our website at www.pwc.co.uk/fleetwaytravel, by 3 March 2021.

If you haven't already done so, please send your claim to us so that we can agree it in principle. 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 be sent to you separately.

Please note that should you wish to vote in relation to any decision procedure during the administration or any subsequent liquidation, 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.

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.

Background to the administration

You'll 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 appointments and our anticipated future work.

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, though this balance has increased as further flights have been cancelled.

A small number of employees were retained to assist in the collection of these debts. To date, £1.6m has been received into the administration bank account in respect of airline refunds.

During the period, we have liaised with a number of key airline debtors to provide information required to facilitate payment of refunds due.

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. If appropriate, we may decide to engage an 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 administration of FWA.

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.

We continue to liaise with Travelsmart regarding the repayment of this debt. We have formally requested further detail, which we hope to receive shortly.

Sale of assets

Intangible assets

FWT owned the intellectual property to its proprietary booking platform, a number of website domain names, various brand names and a customer database.

On appointment, 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.

A small number of IT assets remain in the possession of retained employees and will be sold at a later date, once no longer in use. Realisations from the sale of these assets are not expected to be material.

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.

Since our appointment, we have recovered the 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.

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 administration bank account once the accounts are no longer required to be kept open.

Sundry debts and refunds

Additional refunds of £4.6k have been received by FWT in the period, consisting of pre-appointment insurance claims and cancellation of prepaid services.

Interchange claims

We are currently looking at a number of possible multilateral interchange fee claims, which may result in further realisations into the administration. Further information will be provided to creditors in due course.

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.

As detailed in the 'Sale of assets' section of this report, all industrial and intellectual property rights were sold in the period to GCS Travel, a wholly-owned subsidiary of DH Enterprises & Associates (Fleetway's US sister company) and part of the Travelsmart Group.

As explained above, we consider that the sale to GCS Travel resulted in the best value being achieved for creditors in all circumstances.

No further connected party transactions are anticipated.

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 are recharged on a regular basis to FWA. This is to ensure that the costs are incurred by the entity which receives the benefit.

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.

Customer refunds

During the period, 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.

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. A further seven redundancies were made during the period. One former employee was rehired on a temporary basis to assist in the airline refund collections process.

Retained employees continue working within social distancing guidelines and Government advice in relation to COVID-19.

Specialist staff from PwC have been in communications with the RPS to enable an efficient payment of the statutory amounts available. Our future work is expected to be in providing ongoing claims assistance, responding to general enquiries and issuing any notices required to be sent to employees.

Creditors

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 expeditiously as possible.

Since appointment, we have received c.2,500 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 330 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.

Pensions

FWT participated in the People's Pension scheme prior to administration. During the period, we instructed our specialist pensions colleagues to complete the required pensions activities. These activities included: 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; and ensuring that post-appointment pension contributions for retained employees were paid in line with statutory deadlines.

Tax and VAT

The Joint 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 period, our VAT team has been assisting with the VAT affairs of the Companies. This has included advising on the VAT implications of the disposal of assets, as well as preparing the pre-appointment and first post-appointment VAT returns. We will continue to prepare the quarterly VAT returns for the Companies, with the next returns being due for the quarter ended 31 January 2021.

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.

Investigations and actions

During the period, we fulfilled our statutory obligations and filed our submissions on the conduct of the directors of the Companies 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 administrations from 13 July 2020 to 12 January 2021.

Our expenses

We set out in Appendix D a statement of the expenses we've incurred to the date covered 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 in due course 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 costs, proposed fee basis, disbursements and other related matters in this case.

Pre-administration costs

You can find in Appendix C 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 Charlotte Smith on 020 7583 5000 or emailing at uk_fleetway_queries@pwc.com.

What we still need to do

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

- Finalise collections of the book debts owed to the Companies;
- Conclude the intercompany debt position and collect any sums due from third parties as a result;
- Agreement and settlement of 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;
- File notice to move the Companies to liquidation in order to pay any dividends due; and
- Conclude our statutory obligations, including VAT and tax matters on the case.

Some of the above matters may be able to be dealt with in the subsequent liquidations.

Next steps

We are currently considering the optimal timings and strategy for moving the Companies from administration to liquidation, taking into account any tax or further costs implications of doing so. We'll provide an update on this in our next report.

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 contact Charlotte Smith at uk_fleetway_queries@pwc.com.

Yours faithfully
For and on behalf of the Companies



Steven Sherry
Joint Administrator

Appendix A: Receipts and payments

Fleetway Travel Limited - Receipts and payments account as at 12 January 2021

Statement of Affairs	13 July 2020 to 12 January 2021
(£)	(£)
ASSETS SUBJECT TO FIXED CHARGE	
Receipts	
2,918,305	Balance held in ATTF account on appointment 2,918,305.25
	Total receipts 2,918,305.25
Distributions	
	First and final distribution to secured creditor (2,918,305.25)
	Net cash position -
UNCHARGED ASSETS	
Receipts	
3,177,914	Cash in hand on appointment 3,159,538.29
	Intercompany recharges 206,268.33
599,368	Book debts 106,459.24
	Sundry debts and refunds 4,580.17
250,000	Intangible assets -
10,000	Tangible assets 9,325.00
	Parent company recharges 4,478.91
	Bank interest 47.97
	Funds to be transferred to FWA 37,113.54
828,240	Intercompany debtors -
	Total receipts 3,527,811.45
Payments	
	IT costs (44,401.24)
	Agents' fees and expenses (39,435.39)
	Legal fees and expenses (49,793.09)
	Professional fees (373.70)
	Insurance (926.24)
	Statutory advertising (83.00)
	Wages and salaries (127,388.19)
	PAYE/NIC and pension deductions (64,956.66)
	Employee/subcontractor costs & expenses (83,306.31)
	Duress (1,678.42)
	Sundry expenses (711.83)
	Bank charges (105.00)
	Total Payments (413,159.07)
	Net cash position 3,114,652.38
	VAT Control Account 1,131.73
	Total cash in hand 3,115,784.11

Fleetway Aviation Limited - Receipts and payments account as at 12 January 2021

Statement of Affairs

13 July 2020 to
12 January 2021

(£)		(£)
	Receipts	
331,050	Cash in hand on appointment	266,380.75
2,436,000	Book debts	1,634,745.08
	Sundry debts & refunds	12.94
754,994	Intercompany debtors	
	Total receipts	1,901,138.77
	Payments	
	Intercompany recharges	(205,248.33)
	Legal fees & Expenses	(10,845.50)
	Debt collection fees	(2,683.18)
	Statutory advertising	(83.00)
	Collateral held by Lloyds Bank plc	(100,000.00)
	Total Payments	(318,860.01)
	Net cash position	1,582,278.76
	VAT Control Account	(44,432.35)
	Total cash in hand	1,537,846.41

Notes:

1. Included in these figures is an amount of £415,112.85 which was transferred from FWT prior to 12 January 2021, but did not reach the bank account of FWA until 13 January 2021. In order to accurately represent the cash position to creditors we are including these funds.
2. "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.
3. Cash is held in interest-bearing accounts.

Appendix B: Pre-administration costs

As detailed in our proposals, we incurred the below costs before our appointment as Administrators but with a view to the Companies entering administration. We are in the process of seeking approval for these costs. Details of the work done and expenses incurred are as follows

FWT	Paid amount (£)	Unpaid amount (£)	Unpaid amount (\$)*	Nature of the payment
Our fees as Administrators-in-waiting	Nil	76,469.12	Nil	N/A
Expenses incurred by us as Administrators-in-waiting	Nil	12,000.19	1,464.00	N/A
Total	Nil	88,469.30	1,464.00	

**Fees in USD (\$) relate 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*

FWA	Paid amount (£)	Unpaid amount (£)	Unpaid amount (\$)*	Nature of the payment
Our fees as Administrators-in-waiting	Nil	35,744.38	Nil	N/A
Expenses incurred by us as Administrators-in-waiting	Nil	5,609.31	Nil	N/A
Total	Nil	41,353.69	Nil	

Fees incurred by us as Administrators-in-waiting:

In summary, the pre-administration work undertaken by PwC for the Companies included the following main areas.

Contingency planning

- Looking at the options available to the Administrators for running the administrations and the likely outcomes of each option for the creditors;
- Investigating the location and security of assets and the position of key suppliers on administration;
- Meeting with the CAA and ABTA to discuss the appointments and ensure consistency of messaging;
- Drafting communications for the various stakeholders of the business including but not limited to employees, customers and suppliers; and
- Producing cash flow forecasts with up to date management information to determine funding requirements.

Employees

- Meetings with the directors to understand the position of the employees across the Companies in relation to the contingency planning exercise being run at this time, including how COVID-19 was impacting employees and logistics;
- Collecting information regarding leased assets; and
- Review of the payroll structure to understand the requirements to complete an orderly wind down.

In addition, there were a number of other pre-appointment tasks completed across the Companies which are listed below.

- Developing a strategy to deal with closing the Companies' sites post appointment;
- Production of an Estimated Outcome Statement to consider the liquidity requirements and potential recoveries;

- Working with the Companies' directors in preparing for the administrations;
- Identifying key areas of risk and how these can be mitigated;
- Preparing statutory documentation and declarations required for effecting the administration appointments and liaising with our legal advisors in this regard;
- Setting up the systems necessary to deliver the administration strategy;
- Obtaining and discussing legal advice in relation to the appointments;
- Mobilisation and briefing of our team;
- Agreeing the communication for stakeholders including employees, customers, suppliers and the media; and
- Setting up the administration cashflow with preliminary information available, together with timelines and key areas of work.

Please note the above is a list of key areas of work performed and is not an exhaustive list. We believe that the work was necessary in order to achieve the objective of the administrations, maximise realisations and minimise loss for creditors. Further information about work performed for each of the Companies can be found below.

The following tables show a breakdown of the time costs per company and include information on the more specific work completed prior to our appointment.

FWT - Aspect of assignment	Partner (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Total (Hrs)	Time cost £
Administration planning	3.00	3.50	33.45	67.33	7.18	114.45	54,688.12
Asset realisation planning	-	-	9.00	2.00	-	11.00	5,825.00
Communications strategy	-	2.30	0.20	4.95	-	7.45	3,371.00
Employees	-	-	7.00	22.40	-	29.40	12,585.00
Total for the period	3.00	5.80	49.65	96.68	7.18	162.30	76,469.12

FWA - Aspect of assignment	Partner (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Total (Hrs)	Time cost £
Administration planning	3.00	3.50	33.45	24.58	7.18	71.70	35,744.38
Total for the period	3.00	3.50	33.45	24.58	7.18	71.70	35,744.38

Expenses incurred by us as Administrators-in-waiting:

Solicitors Eversheds were engaged in relation to legal services provided with a view to the Companies entering administration.

A summary of the tasks carried out by Eversheds include:

- Advising on GDPR and cross-border data protection matters;
- Drafting and reviewing the appointment documentation and attending court to file these; and
- Providing general advice as required in preparation for the appointments.

Please note that the above is indicative of the key areas of work performed, and is not an exhaustive list of work done.

Appendix C: 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, Charlotte Smith, at: uk_fleetway_queries@pwc.com

Appendix D: Remuneration update

During the period covered by this report, we drafted our remuneration report to creditors, for the purpose of seeking approval as to the basis of our fees. This report will be issued shortly. It will be for the unsecured creditors of both of the Companies to approve the basis of our fees.

Payments to associates

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

Our work in the period

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	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"> • Proper management of case funds 	<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"> • Security and recovery of assets for the benefit of creditors 	<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 	<ul style="list-style-type: none"> • Required for the orderly wind-down of the business and to ensure assets are secured 	<ul style="list-style-type: none"> • Financial benefit to creditors in securing and realising assets

	<ul style="list-style-type: none"> • Liaising with management and staff • General oversight of the wind-down activities 		
Creditors	<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 (c.2,500 queries) • Reviewing and preparing correspondence to creditors and their representative • Liaising with secured creditors 	<ul style="list-style-type: none"> • Ensuring creditors are kept informed and creditor claims are logged 	<ul style="list-style-type: none"> • Benefit to creditors in ensuring claims are logged for dividend purposes
Employees & pensions (FWT)	<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 trading 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"> • Keeping employees informed and dealing with the impact of the pandemic 	<ul style="list-style-type: none"> • Required for the proper management of the administration • Some tasks required by regulation or best practice
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"> • Statutory obligation for the administrators 	<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 and to keep creditors updated on progress 	<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 	<ul style="list-style-type: none"> • Ensures the proper management of the administrations 	<ul style="list-style-type: none"> • Some tasks required by statute or regulation and ensures the proper management of the

	<ul style="list-style-type: none"> Reviewing the administration strategy to ensure it is appropriate and being progressed 	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"> Done in the administrators' capacity as proper officer for tax and VAT Required to act as proper officer for the Companies' tax and VAT affairs

Our future work

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

Area of work	Work to be undertaken	What, if any, financial benefit the work provided to creditors OR whether it is required by statute
Accounting & treasury	<ul style="list-style-type: none"> Dealing with receipts, payments and journals Carrying out bank reconciliations and managing investment of funds Corresponding with bank regarding specific transfers Closing down bank accounts 	<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"> Correspondence with debtors, including escalation letters and dealing with counter claims Work in relation to inter-company claims Reconciliation of debtor balances 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"> 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
Creditors	<ul style="list-style-type: none"> Dealing with incoming creditor correspondence via telephone, post and email Corresponding with preferential creditors regarding their dividend, agreeing claims and paying a dividend (FWT) Requesting and receipting unsecured creditor claims Agreement of claims, calculation and payment of dividend 	<ul style="list-style-type: none"> Benefit to creditors in the return of funds to them
Employees & pensions (FWT)	<ul style="list-style-type: none"> Ongoing discussions throughout the trading period with retained members of staff Receiving and following up employee enquiries via telephone, post and email 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
Statutory & compliance	<ul style="list-style-type: none"> Preparing and issuing progress reports and the administrators' remuneration report Conducting case reviews every six months 	<ul style="list-style-type: none"> Required by statute or regulation and for the orderly management of the administrations

	<ul style="list-style-type: none"> • Dealing with records in storage • Updating checklists and case diary management • Preparing and issuing documents in relation to moving the Companies to liquidation • Closure procedures including obtaining clearances and closing internal systems 	
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"> • Review information relating to the Companies' VAT and tax affairs • Prepare and submit VAT returns • Prepare corporation tax computations and submit tax returns • Liaise with HMRC where required 	<ul style="list-style-type: none"> • Required by statute and to act as proper officer for the Companies' tax and VAT affairs

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. This approval will be sought from the Companies' unsecured creditors.

The following disbursements arose in the period of this report.

FWT

Category	Policy	Costs incurred £
1	Postage	8,625.88
1	Bonding	225.00
1	Travel	49.99
2	Printing	9,512.00
	Total	18,412.87

FWA

Category	Policy	Costs incurred £
1	Bonding	225.00
	Total	225.00

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.

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
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.