

## Rule 1.26 The Insolvency Act 1986

**R.1.26(2)(b)****Voluntary Arrangement's  
Supervisor's Abstract of  
Receipts and Payments****Pursuant to Rule 1.26(2)(b) of the  
Insolvency Rules 1986****For official use**

To the Registrar of Companies

Company number

03207791

Name of company

Insert full name of  
company

Fitness First Clubs Limited

Insert full names and  
addresses

We, Brian Green  
KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

Richard Dixon Fleming  
KPMG LLP  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

supervisors of a voluntary arrangement approved on

20 June 2012

present overleaf our abstract of receipts and payments for the period

from

20 June 2014

to

19 June 2015

Number of continuation sheets (if any) attached

0

Signed

*Blane*

Dated 11 August 2015

Presenter's name,  
address and reference  
(if any)

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

THURSDAY  
11 AUG 2015



**In the High Court of Justice**

**Chancery Division**

**High Court of Justice District Registry**

**In the matter of Fitness First Clubs Limited (“the Company”)**

**and in the matter of the Insolvency Act 1986**

**Case No. CVA 4233 of 2012**

**Supervisors’ annual comments pursuant to Rule 1.26(2) of the Insolvency Rules 1986**

We attach as Appendix 1 a copy of the Supervisors’ annual summary of receipts and payments in the voluntary arrangement for the period 20 June 2014 to 19 June 2015 (“the Period”) and we report as follows

**1 Realisations**

*1.1 Compromised Lease Funds*

In accordance with the terms of the CVA proposal, the Company has paid £750,000 to the Supervisors to be held on trust for the Compromised Landlords and a further £750,000 to the Supervisors to be held on trust for the Guarantee-Holding Compromised Landlords. These amounts represent the minimum payments due under the CVA proposal.

*1.2 Bank Interest*

During the Period, bank interest of £3,778 has been earned on the funds held on trust. Under the terms of the voluntary arrangement, interest does not form part of the Compromised Lease Funds and will be paid to the Company.

*1.3 Additional Landlord Funds*

The terms of the arrangement impose an obligation on the Company to make additional annual performance linked payments into the FF Clubs Compromised Lease Fund of up to £600,000. The obligation would have been triggered if the Company exceeded target UK EBITDA of £17.2 million in the year ending 31 October 2014. I can confirm that the Company’s audited accounts for the period show that the Company did not exceed this target and as such no additional funds became due to the FF Clubs Compromised Lease Fund in the Period.

The terms of the arrangement also impose an obligation on the Company to make additional annual performance linked payments into the Fitness First Limited (“FFL”) Compromised Lease Fund of up to £600,000. The obligation would have been triggered if Group EBITDA (measured by reference to the statutory accounts of Fitness First Finance Limited) exceeded £82 million in the year ending 31 October 2014. I can confirm that the audited accounts of Fitness First Finance

Limited for the period show that Group EBITDA did not exceed this target and as such no additional funds became due to the FFL Compromised Lease Fund in the Period

## 2 Disbursements

### 2.1 Nominees' Fees

Nominees' fees totalling £350,000 were settled prior to the Supervisors' appointment as disclosed in the CVA Proposal

### 2.2 Supervisors' remuneration and expenses

In accordance with the terms of the CVA Proposal the Joint Supervisors' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the CVA

Attached at Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out in the Period (as required by the Association of Business Recovery Professionals' *Statement of Insolvency Practice No 9*) together with details of expenses incurred to date

In the Period the Joint Supervisors incurred time costs of £26,704, representing 72 hours at an average rate of £373 per hour. No expenses were incurred in the Period

The CVA proposal estimated that the total fees to be paid to the Supervisors would be £200,000 plus outlays and VAT thereon. To date, the Supervisors have received remuneration of £110,071

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. However, the cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates

A creditors' guide to fees can be found at

[http://www.r3.org.uk/media/documents/publications/professional/Guide to Voluntary Arrangement Fees Nov2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide%20to%20Voluntary%20Arrangement%20Fees%20Nov2011.pdf)

However, if you are unable to access this guide and would like a copy then please contact Ryan Scallon on 0161 246 4582

All fees in this matter will be settled directly by the Company

## 3 Distributions

### 3.1 Secured creditors

In accordance with the terms of the CVA Proposal, the Company has continued to service debts due to secured creditors in the ordinary course of business

### *3.2 Preferential creditors*

There are no preferential claims in the CVA as all employee entitlements continue to be met by the Company in the ordinary course of business

### *3.3 Trade Creditors*

In accordance with the terms of the CVA Proposal, sums due to trade creditors continue to be paid by the Company in the ordinary course of business

### *3.4 Category 1 Landlords*

Under the CVA Proposal, the payment terms of annual rental payments, service charge, insurance and turnover rent due to the Category 1 Landlords were varied from quarterly to monthly payment terms for a three year period commencing on the next payment date under such leases

### *3.5 Category 2 Landlords*

In accordance with the terms of the CVA Proposal the rent payable under the leases was reduced to 65% of the contractual pro rata monthly rent (including any turnover rent) plus any contractual amount payable in respect of insurance and service charge

### *3.6 Category 3 Landlords*

In accordance with the terms of the CVA Proposal the rent payable during the Rent Concession Period was reduced to 50% of the contractual pro rata monthly rent (including any turnover rent) plus a further 5% of the contractual pro rata monthly rent (including any turnover rent) in lieu of dilapidations, plus any contractual amount payable in respect of insurance and service charge

There were 82 Category 3 leases per the CVA, 15 of which were sub-let prior to the CVA becoming effective. Under the terms of the CVA proposal, the Company agreed to assist landlords in finding replacement operators for the site

The Company continues to operate from three Category 3 sites

### *3.7 Category 4 Landlords*

In accordance with the terms of the CVA Proposal the rent payable during the Rent Concession Period was reduced to 50% of the contractual pro rata monthly rent (including any turnover rent) plus a further 5% of the contractual pro rata monthly rent (including any turnover rent) in lieu of dilapidations, plus any contractual amount payable in respect of insurance and service charge

There were eight Category 4 leases per the CVA, being sites closed prior to the CVA becoming effective. Under the terms of the CVA Proposal, the Company agreed to assist landlords in finding replacement operators for the sites

At the end of the Period, there was one Category 4 lease which remains vacant and the Company is therefore continuing to pay business rates in this regard

#### 4 Anticipated Outcome

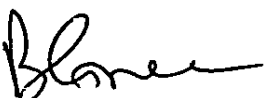
The amount of any further payments to be made into the Compromised Lease Funds is dependent on the financial performance of the Company and the Group for the financial year ending 31 October 2015

Distributions to Compromised Landlords are due to be made no later than 24 June 2016

A letter had recently been sent to all Compromised Landlords setting a deadline for the submission of final claims against the Compromised Lease Fund of 24 July ("Claim Deadline Date")

Distributions from the Compromised Lease Funds will be paid to Compromised Landlords who submitted their claim by the Claim Deadline Date shortly after the Company's statutory accounts for the financial year ending 31 October 2015 have been filed and any additional payments due into the fund have been received

Signed

  
B Green  
Joint Supervisor

Dated 10 August 2015

## Appendix 1: Receipts and payments for the period 20 June 2014 to 19 June 2015

**Fitness First Clubs Limited - under a Voluntary Arrangement**

**Joint Administrators' abstract of receipts & payments**

Statement of affairs (£)		From 20/06/2014 To 19/06/2015 (£)	From 20/06/2012 To 19/06/2015 (£)
OTHER REALISATIONS			
	Bank interest, gross	3,778 48	6,471 14
175,000 00	Landlord Fund	NIL	750,000 00
175,000 00	Guarantee fund	NIL	750,000 00
		<b>3,778 48</b>	<b>1,506,471 14</b>
COST OF REALISATIONS			
	Interest paid to Company	NIL	(821 92)
		NIL	(821 92)
UNSECURED CREDITORS			
(46,521,000 00)	Landlords	NIL	NIL
		NIL	NIL
<b>(46,171,000 00)</b>		<b>3,778 48</b>	<b>1,505,649 22</b>
REPRESENTED BY			
	Floating charge current 1	1,889 24	752,824 59
	Floating charge current 2	1,889 24	752,824 63
		<b>3,778 48</b>	<b>1,505,649 22</b>

## Appendix 2: time spent for the period 20 June 2014 to 19 June 2015

### SIP 9 - Time costs analysis (20/06/2014 to 19/06/2015)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
<b>Administration &amp; planning</b>							
Cashiering							
General (Cashiering)			2 35		2 35	619 50	263 62
Reconciliations (& IPS accounting reviews)		0 10	1 10		1 20	405 00	337 50
Statutory and compliance							
Appointment and related formalities		0 30			0 30	184 50	615 00
Checklist & reviews	2 00		4 00		6 00	2,965 00	494 17
Statutory receipts and payments accounts			0 30		0 30	102 00	340 00
Strategy documents	4 50	2 90			7 40	5,256 00	710 27
<b>Creditors</b>							
Creditors and claims							
Agreement of unsecured claims		2 80			2 80	1,722 00	615 00
General correspondence		3 30	7 60	23 00	33 90	7,758 50	228 86
Statutory reports	0 50	4 40	10 40		15 30	6,243 50	408 07
<b>Realisation of assets</b>							
Asset Realisation							
Leasehold property	1 00	1 10			2 10	1,447 50	689 29
<b>Total in period</b>	<b>8 00</b>	<b>14 90</b>	<b>25 75</b>	<b>23 00</b>	<b>71 65</b>	<b>26,703 50</b>	<b>372 69</b>

Brought forward time (appointment date to SIP 9 period start date)	316 10	143,366 00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	71 65	26,703 50
Carry forward time (appointment date to SIP 9 period end date)	387 75	170,069 50

All staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

## Charge-out rates

Charge-out rates (£) for CRP			
Grade	From 01 Oct 2012 £/hr	From 01 Oct 2013 £/hr	From 01 Oct 2014 £/hr
Partner	765	765	795
Director	670	670	705
Senior Manager	550	585	615
Manager	440	465	490
Senior Administrator	320	340	355
Administrator	240	255	270
Support	125	130	135

## Disbursements

SP9- Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
<b>Total</b>	<b>NIL</b>		<b>NIL</b>		<b>NIL</b>

