In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10

Notice of administrator's progress report

Companies House

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

1 Company details

Company number	0 7 5 7 2 1 2 8
Company name in full	Wright Leisure Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Toby Scott
Surname	Underwood

3 Administrator's address

Building name/number	Pricewaterhouse Coopers LLP, Central Square
Street	29 Wellington Street
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 4 D L
Country	UK

4 Administrator's name ❶

Full forename(s)	Robert Nicholas
Surname	Lewis

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	Pricewaterhouse Coopers LLP,
Street	7 More, London Riverside
Post town	London
County/Region	
Postcode	S E 1 2 R T
Country	UK

❷ **Other administrator**
Use this section to tell us about another administrator.

AM10
Notice of administrator's progress report

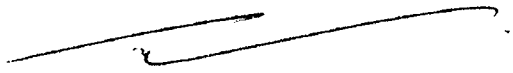
6 Period of progress report

From date	d 2 d 2	m 0 m 7	y 2 y 0 y 2 y 0
To date	d 2 d 1	m 0 m 1	y 2 y 0 y 2 y 1

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X 	X
Signature date	d 1 d 7	m 0 m 2 y 2 y 0 y 2 y 1

AM10
Notice of administrator's progress report

Presenter information

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

Contact name: Adam Thompson

Company name: Pricewaterhouse Coopers LLP

Address: Central Square, 29 Wellington Street

Post town: Leeds

County/Region: West Yorkshire

Postcode: L S 1 4 D L

Country: UK

DX:

Telephone: 0113 289 4983

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

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

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

Joint administrators' progress report from 22 July 2020 to 21 January 2021

Wright Leisure Topco Limited
Wright Leisure Manco Limited
Wright Leisure Midco Limited
Wright Leisure Limited
Xercise Health And Fitness Club Limited
Xercise4Less (Wakefield) Limited
Xercise4Less (Leeds) Ltd
Xercise4Less (Wigan) Ltd
Xercise4Less (Doncaster) Limited
Xercise4Less (Hull) Limited
Xercise4Less (Bolton) Limited
Xercise4Less Newcastle under Lyme Limited
Xercise4Less (Nottingham) Limited

pwc

Strictly private and confidential

Table of contents

Abbreviations and definitions	**3**
Key messages	**5**
Background and circumstances leading to our appointment	**7**
Progress since we were appointed	**8**
Appendix A: Receipts and payments	**11**
Appendix B: Expenses	**12**
Appendix C: Remuneration update	**14**
Appendix D: Pre-administration costs	**23**
Appendix E: Other information	**24**

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

Administrators/we/us/our	Toby Scott Underwood and Robert Nicholas Lewis
AMA	Accelerated merger and acquisition process
BEIS	Department for Business, Energy & Industrial Strategy
BGF	BGF Capital Nominees Limited, a secured creditor
Companies	Wright Leisure Topco Limited Wright Leisure Manco Limited Wright Leisure Midco Limited Wright Leisure Limited Xercise Health And Fitness Club Limited Xercise4Less (Wakefield) Limited Xercise4Less (Leeds) Ltd Xercise4Less (Wigan) Ltd Xercise4Less (Doncaster) Limited Xercise4Less (Hull) Limited Xercise4Less (Bolton) Limited Xercise4Less Newcastle under Lyme Limited Xercise4Less (Nottingham) Limited
CVL	Creditors' voluntary liquidation
Excluded Entities	Wright Leisure Topco Limited, Wright Leisure Manco Limited, Wright Leisure Midco Limited, and Xercise4Less (Wakefield) Limited. These entities were not included in the pre-packaged sale transaction.
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
ISA	Insolvency Service Account
JD	JD Sports Gyms Limited, a secured creditor
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
Proventus	Proventus Capital Partners III, a former secured creditor
Purchaser	X4L Gyms Limited (formerly Helium Miracle 307 Limited (a subsidiary of JD Sports Gyms Limited))
PwC	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

Manco	Wright Leisure Manco Limited
Midco	Wright Leisure Midco Limited
Opco	Wright Leisure Limited
Topco	Wright Leisure Topco Limited
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Secured creditor	A creditor with security in respect of their debt, in accordance with S248 IA86
Secured Creditors	JD and BGF
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 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
Transaction Entities	Opco, Xercise Health And Fitness Club Limited, Xercise4Less (Leeds) Ltd, Xercise4Less (Wigan) Ltd, Xercise4Less (Doncaster) Limited, Xercise4Less (Hull) Limited, Xercise4Less (Bolton) Limited, Xercise4Less Newcastle under Lyme Limited and Xercise4Less (Nottingham) Limited. These entities were all included in the pre-packaged sale transaction.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured Creditors	Creditors who are neither secured nor preferential
Wakefield	Xercise4Less (Wakefield) Limited
X4L Group, Group	Topco and its subsidiaries

This report has been prepared by Toby Scott Underwood and Robert Nicholas Lewis 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 administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the 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.

Toby Scott Underwood and Robert Nicholas Lewis have been appointed as Joint Administrators of the Companies to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:
https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics

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

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Why we've sent you this report

I'm writing to update you on the progress of the administration of the Companies in the six months since our appointment on 22 July 2020.

How much creditors may receive

The following sections summarise the possible outcome for creditors, based on what we currently know.

JD	60%	9 - 12 months
BGF	4%	9 - 12 months

We don't think the Secured Creditors will be repaid in full. The Secured Creditors' lending to the Companies as at the date of administration was approximately c.£43m (c.£40m originally due to Proventus and purchased by JD, and c.£3m due to BGF (via a waterfall agreement with Proventus)). The lending is secured by debentures dated 30 April 2019 (Proventus) and 30 October 2019 (Proventus and BGF). The current estimated outcomes to JD and BGF are detailed above.

All of the employees at the date of our appointment were employed by Opco and have been transferred to the Purchaser under TUPE. We are not anticipating any employee related preferential claims in Opco or the other Companies.

Opco	9,157	600	0.7	9-12 months
Midco	236	57	N/A	N/A
Topco	110	23	0.07	9-12 months

We think there will be a prescribed part dividend for unsecured creditors of Opco, Topco and Midco based on what we know currently.

In Opco, we think the net property will be sufficient to generate the maximum value of the prescribed part of £600k. This would give a dividend of about 0.7%, based on our estimate of the value of the unsecured creditors.

In Topco, we think the net property will be sufficient to generate a prescribed part estimated at £23k. This would give a dividend of about 0.07 % based on our estimate of the value of the unsecured creditors.

In Midco, we think the net property will be sufficient to generate a prescribed part estimated at £57k. However, as we don't think there are any unsecured creditors of this company, we are not expecting to make a distribution from the prescribed part.

These estimates depend on future realisations, administration costs and finalising claims from unsecured creditors. This guidance is only an indication. You shouldn't use them as the main basis for any bad debt provisions or debt trading.

We don't anticipate that there will be sufficient net property in any of the other Companies to generate a prescribed part and thus there will be no dividend to unsecured creditors of:

Manco;
Xercise Health And Fitness Club Limited;
Xercise4Less (Wakefield) Limited ;
Xercise4Less (Leeds) Ltd;
Xercise4Less (Wigan) Ltd;
Xercise4Less (Doncaster) Limited;
Xercise4Less (Hull) Limited;
Xercise4Less (Bolton) Limited;
Xercise4Less Newcastle under Lyme Limited; or
Xercise4Less (Nottingham) Limited.

What you need to do

If you are a creditor of Opco, Topco or Midco and have not yet submitted your claim in the administrations, then please do so as soon as possible.

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 progress. Creditors of Opco, including landlords who wish to submit unsecured claims, should use the portal to submit claims. If you have not received your login details, please contact us and we will arrange to have them sent to you.

Please note that should you wish to vote in relation to any decision procedure during the administrations 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.

You'll remember from our proposals for achieving the purpose of administration that when we were appointed, the position was as follows:

The Group was a leading nationwide operator of 51 value gyms, providing services to its members at sites throughout England, Wales and Scotland. The Group employed over 400 people and its Head Office was based in Leeds. The Group had over 300,000 members across its various gyms.

The Group was originally founded by Jonathan Wright as a single unit in Castleford, West Yorkshire. Opco is the main trading entity within the X4L Group, being Topco and its subsidiaries, with some of the subsidiary companies holding leases for a small number of the gyms.

The X4L Group was funded by a combination of secured term loans from Proventus and BGF, the outstanding amount being a combined c.£43m (c.£40m due to Proventus and £3m due to BGF). The term loans were secured against the assets of the Group by debentures containing fixed and floating charges.

In its audited accounts for the 12 month period ending 31 December 2018, the Group had generated revenues of c.£40m, with an underlying EBITDA of c.£3.4m. In the subsequent period and in order to improve performance, the Group closed one gym, made changes to its staffing model and invested in marketing and its online presence.

Despite these initiatives, the unaudited accounts for the 12 month period to 31 December 2019, showed the Group's turnover had fallen to c.£37.3m. Following the Government announcement on 20 March 2020 in response to the COVID-19 pandemic, all of the Group's gyms were closed and the majority of employees placed on furlough.

In view of the challenges in performance, on 17 April 2020, Topco engaged PwC to undertake a review of the Group's funding options and ultimately, to undertake an AMA process with a view to seeking investment and / or a sale of the Group.

Unfortunately, given the cash requirement to allow the business to re-open following the relaxation of COVID-19 related restrictions and to repay arrears to creditors, there was no interest in the business on a solvent basis.

The sales process culminated in an agreement being signed on 17 June 2020 between Proventus and JD for the sale of the Proventus secured debt to JD. In addition, an agreement between the Purchaser (with JD as the guarantor) and the Group was signed to enable the Purchaser to purchase substantially all of the Group's business and assets with a completion date being shortly before gyms were able to be reopened. On 22 July 2020, Toby Scott Underwood and Robert Nicholas Lewis were appointed as Joint Administrators following which, a prepack sale of the business and operating assets was immediately completed as described in more detail below.

Sale of business and assets

A sale of the business and operating assets of the Transaction Entities to the Purchaser was completed on 22 July 2020, immediately following our appointment as joint administrators.

A summary of the transaction is as follows:

- Prior to the administration, the secured debt due to Proventus was sold to JD for a total consideration of £23m (which included contingent consideration, based on agreement of certain leases, of £1.5m).
- Subsequently, a pre-pack transaction was completed with the Purchaser to purchase the substantially all of the Companies' business and assets for an effective consideration of £24.15m, including cash of £1.15m.
- The cash consideration of £1.15m was received into Opco from the Purchaser in order to cover the initial costs of the administration process and to enable a dividend to be paid to unsecured creditors, by virtue of the prescribed part in Opco.

Realisation of other assets in Opco

Refunds

During the period, we have received sundry refunds totalling £143,036. These are made up of a business rates refund from Glasgow Council for £75,676 and a business rates refund from Nottingham Council for £66,860. Additionally a rates refund of £500 was received from Lanarkshire Council. A significant proportion of these sums were recovered as a result of work undertaken by agents, who had initially been instructed by Opco, to make enquiries with local authorities to ascertain whether any rates refunds were due. We continued to work with these agents after our appointment, to progress appeals against the rateable value of several properties and to liaise with the relevant councils to recover the refunds due.

The costs incurred by instructing agents to recover these sums on our behalf are significantly outweighed by the benefits gained as set out above.

Book debts

We have recovered £7,500 from book debts, not included in the sale to JD, since our appointment. We are also liaising with agents previously instructed by Opco to collect outstanding debts, to determine if there is any value in older debts not sold to the Purchaser.

Pre appointment VAT refund

A pre-appointment VAT refund totalling £509,524 was received from HMRC, in error, as this should have been set off against pre appointment liabilities. We are in the process of arranging for a repayment of this to HMRC.

Pre appointment insurance claims

Further to recent media coverage around insurance claims relating to business interruption during the COVID-19 lockdowns, we are liaising with our insurance brokers about potential recoveries from this avenue, the quantum and timing of any recovery from this are currently unknown.

Other matters

Employees

As part of the transaction, all employees at the date of appointment were transferred under TUPE to the Purchaser. This mitigated employee preferential claims, whilst also reducing unsecured claims.

Leasehold properties

The Companies traded from 50 leasehold properties in the UK, with a further leasehold head office based in Leeds. The majority of the leases were held by Opco but eight leases were held by other group companies. On appointment, licences to occupy all of the leasehold properties, except the Wakefield property, were granted to the Purchaser. Approximately £4m has been received from the Purchaser to date to cover ongoing property costs such as rent, insurance, service charge & utilities.

During the period, 20 of the leasehold properties were assigned to the Purchaser or surrendered, with the Purchaser continuing occupation under a new or existing lease. Additionally, a further 9 properties have been handed back to the landlords. The Purchaser continues to negotiate with the landlords with regard to the remaining properties. We are currently discussing with the Purchaser the possibility of granting a short extension to the licences to occupy for the

remaining properties to allow additional time for the final leases to be assigned or otherwise dealt with. Any additional costs relating to the extension of the licence to occupy will be covered by the Purchaser.

Tax clearance
Since appointment, we have written to HMRC to obtain clearance in respect of Manco & Wakefield, with a view to closing these administrations in the near future. Our tax team is in the process of preparing the relevant computations for the other entities.

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. JD is not considered to be a connected party for the purposes of SIP13 and so there are no such transactions requiring disclosure.

Approval of our proposals

We issued to creditors our proposals for achieving the purpose of the administrations dated 29 July 2020.

We said in our proposals that we thought that the Companies did not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part, and in the majority of cases, not at all.

This meant that we did not have to seek a decision from creditors regarding the approval of our proposals and our proposals would be treated as approved, if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were deemed as approved on 11 August 2020.

Investigations and actions

One of our duties is to look at the actions of anybody who has been a director of the Companies in the three years before our appointment. During the period, we have submitted our findings to BEIS.

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 Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 22 July 2020 to 21 January 2021 for the administration of Opco. As the only company to have any transactions since appointment is Opco, we have not opened administrators' bank accounts for the other entities. We have therefore not provided receipts and payments accounts for the other twelve companies, as there is nothing to report.

Our expenses

We set out in Appendix B 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 have recently issued our remuneration report to creditors which is available to view at the dedicated X4L website www.pwc.co.uk/x4lgroup, This report sets out our fee estimate for our work in the administrations, where we think there are funds available to draw fees. As we do not expect to pay a distribution to unsecured creditors over and above the Prescribed Part, for all the Companies, the fee approving body is the Secured Creditors. We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs.

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/creditorsguides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en

You can also get a copy free of charge by telephoning Adam Thompson on 0113 289 4983.

What we still need to do

Further to the work set out above, whilst not detailing all aspects of our work, key areas of work going forward will be as follows:

- Finalise the surrender/assignment of the remaining leasehold properties occupied by the Purchaser, including any extension to the licence to occupy;
- During the course of the administrations, we will be winding down the Companies' affairs; this includes ongoing responsibility for VAT and tax matters;
- We must comply with all relevant insolvency legislation and regulations arising as a result of the insolvency of the Companies and our appointment as joint administrators. These typically include periodic reports to creditors, obtaining approval for our remuneration and internal controls to ensure the administration strategies continues to be appropriate and outstanding matters are being progressed on a timely basis;
- Possibly extending certain of the administrations where required;
- Realising assets not purchased by the Purchaser;
- Collecting the licence fee from the Purchaser;
- Managing payments to landlords as required and dealing with landlord queries;
- Dealing with creditor correspondence;
- Agreeing claims in certain of the Companies;
- Paying a dividend to creditors where funds allow,and,
- Completing the administrations and our release from office.

Next steps

We are currently considering the best strategy for ending the administrations, taking into account tax clearance and outstanding matters. We'll provide an update on this in our next report. We expect that the administrations where no dividends are payable to creditors, will be in a position to close within the next 6 months, subject to tax clearance and confirmation that this is in the best interests of creditors.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Adam Thompson at adam.x.thompson@pwc.com.

Yours faithfully
For and on behalf of the Companies

Toby Scott Underwood
Joint Administrator

Robert Lewis and Toby Underwood were appointed as Joint Administrators of the Companies to manage their affairs, business and property as agents 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.

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

Wright Leisure Limited

Statement of Affairs (£)	**Joint Administrators' Abstract Of Receipts And Payments** **From 22 July 2020 To 21 January 2021**	
	Fixed Charge Receipts	**Total (£)**
15,771,844.00	Sale of business (Goodwill)	15,771,844.00
583,003.00	Intellectual Property & IT	538,000.00
1.00	Sale of business (business name, rights, contracts, records)	4.00
	Fixed Charge receipts in the period	**16,309,848.00**
	Fixed Charge Payments	-
	Distribution to JD under fixed charge	**(15,193,000.00)**
	Fixed Charge balance	**1,116,848.00**
	Floating Charge receipts	
7,732,152.00	Plant & Machinery	7,732,152.00
33,000.00	Motor Vehicles	33,000.00
19,000.00	Stock	19,000.00
56,000.00	Book debts	63,500.00
	Tax/VAT Refund	509,524.19
111,642.46	Sundry debts & refunds	143,036.46
	Bank Interest Gross	3.15
768,610.68	Cash in hand	770,415.34
	Irrecoverable VAT - Recharge to Purchaser	72,987.89
	Floating Charge receipts in the period	**9,343,619.03**
	Floating Charge payments	
	Legal fees & Expenses	(92,057.32)
	Third party settlements	(36,166.67)
	Insurance	(3,029.45)
	Payments In Period	**(131,253.44)**
	Floating Charge balance	**9,212,365.59**
	Distribution to JD under floating charge	**(7,807,000.00)**
	Floating charge balance after distribution	**1,405,365.59**
	VAT control	(32,924.49)
	LTO Licence balance	822,642.98
	Balance at Bank (interest bearing)	**2,442,110.91**
	Balance at Bank (LTO account - interest bearing)	**869,821.17**

All items are stated net of VAT

Other than Opco, none of the other companies have had any realisations in the period and there are therefore no receipts and payments accounts provided as there have been no transactions to account for.

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

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

Agents' fees and disbursements	-	37,453.28	37,453.28
Bank charges	-	135.00	135.00
Courier	90.64	50.00	140.64
Insurance	3,029.45	1,500.00	4,529.45
ISA unclaimed dividend fee	-	25.75	25.75
Legal fees and expenses (Addleshaw Goddard LLP)	92,057.32	82,942.68	175,000.00
Pre-administration legal fees (Addleshaw Goddard LLP)	5,747.000	-	5,747.00
Administrators' disbursements	8,250.26	8,326.00	16,576.26
Pre-administration fees (PwC)	26,762.50	-	26,762.50
Statutory advertising	83.00	83.00	166.00
Total expenses	135,937.17	130,515.71	266,535.88

Bank charges	-	50.00	50.00
Administrators' disbursements	20.00	325.00	345.00
Statutory advertising	83.00	83.00	166.00
Total expenses	103.00	458.00	561.00

Bank charges	-	50.00	50.00
Administrators' disbursements	20.00	325.00	345.00
Statutory advertising	83.00	83.00	166.00
Total expenses	103.00	458.00	561.00

Manco, Xercise Health and Fitness Club Limited, Wakefield, Xercise4Less (Leeds) Limited, Xercise4Less (Wigan) Limited, Xercise4Less (Doncaster) Limited, Xercise4Less (Hull) Limited, Xercise4Less (Bolton) Limited, Xercise4Less Newcastle Under Lyme Limited, Xercise4Less (Nottingham) Limited (1)

Administrators' disbursements	20.00	110.00	130.00
Statutory advertising	83.00	83.00	166.00
Total expenses	103.00	193.00	296.00

(1) These expenses were incurred in the same value for each company set out above.

As we do not expect to pay a dividend to unsecured creditors, other than by way of the prescribed part in certain of the Companies, the fee approving body for our remuneration is the Secured Creditors.

At the time of writing this report the basis of our fees has not been approved by the Secured Creditors. However we are now in a position to seek approval from the Secured Creditors to the basis of our fees. In order to provide creditors with more information on our fees and the basis being sought, we have prepared a separate remuneration report which has been published solely on the website at the same time as this report. This remuneration report is just for your information and you do not need to do anything.

The report is available to view and download at www.pwc.co.uk/x4lgroup. Both reports should be read in conjunction with one another to give creditors a full overview of the work undertaken to date and the work which will be undertaken going forward. The remuneration report sets out information on the work undertaken to date and the work still expected still to be done, together with the basis on which we propose to charge our fees and our fees estimate.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates. As we have not yet had approval for the basis of our fees in the administration, we do not need to provide details of our time costs incurred to date. A detailed summary of the time incurred in the period for Opco, Topco & Midco can be found in the Administrators' remuneration report on our website.

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administrations. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

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

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administrations. We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.The specialist charge-out rates were effective as of the 01 September 2020 therefore, the rates below demonstrate the maximum hourly rate charged per grade.

Partner	955	1,600
Director	720	1,465
Senior Manager	585	1,355
Manager	475	815
Senior Associate	390	605
Associate	245	325
Offshore Professionals	245	245
Support staff	125	230

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

Payments to associates

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

Our work in the period

In the following table we provide more detail on the key areas of work :

Work Category	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
Assets (including Sale of Business)	Sale of business	Liaising with the purchaser and solicitors Liaising with the purchaser regarding any issues requiring our input, such as novating contracts and assigning trademarks.	Maximises potential returns to creditors
	Property	Liaising with agents and landlords Liaising with purchaser and lawyers in relation to licence to occupy at the leasehold properties Liaising with purchaser for payment of rent for the leasehold properties Assisting with the assignment, assignation or surrender of the leases for the leasehold properties Liaising with the landlords of the leasehold properties to agree a surrender of the lease Reviewing invoices from landlords in respect of the LTO properties and approving for payment	Maximises potential returns to creditors
	Debtors & refunds	Reviewing and pursuing sundry debtors & refunds due to Opco Liaising with agents and rating authorities in relation to business rates recoveries Liaising with book debt collection agents re historic debts due to Opco Agreeing allocation of funds held by the Opco's previous provider of direct debit services	Maximises potential returns to creditors
	Retention of title claims	Arranging for the completion of retention of title claim forms Assisting the Purchaser in adjudicating retention of title claims if required Corresponding with claimants regarding outcome of adjudication if required	Maximises potential returns to creditors
	Insurance	Identifying potential issues requiring attention of insurance specialists Reviewing insurance policies (including review of potential claims available) Corresponding with insurer regarding initial and ongoing insurance requirements	Maximises potential returns to creditors

		Dealing with queries in relation to pre-administration claims	
Creditors	Creditor enquiries	Setting up a dedicated website for delivery of initial and ongoing communications and reports Setting up and monitoring a dedicated query app email address for enquiries relating to the companies or the administrations Receiving and following up creditor enquiries via telephone, email and post Reviewing and preparing correspondence to creditors and their representatives Receiving claims on IPS creditor portal	Updating creditors and providing updates on case progression Ultimately relates to returning funds to creditors
Secured Creditors	Secured creditors	Notifying Secured creditors of appointment Liaising with the Secured creditors Responding to Secured creditors' queries	To keep the secured creditors appraised of the position in relation to recovery of their debt
	Unsecured claims	Preparing correspondence to potential creditors inviting lodgment of proof of debt on creditor portal	Ultimately relates to returning funds to creditors
	Shareholder enquiries	Responding to any shareholder queries	To comply with statutory obligations
Employees and pensions	Pensions	Issuing statutory notices Liaising with the purchaser regarding pension payments they are liable for under the terms of the sale and purchase agreement	To comply with statutory obligations
Investigations	Conducting investigations	Collecting statutory books and records where related to investigatory work Reviewing statutory books, records and financial information Preparing comparative financial statements and deficiency statement Preparing investigation files and lodging findings with the Department for Business, Energy and Industrial Strategy	To comply with statutory obligations
Statutory and compliance	Initial letters and notifications	Preparing and issuing all necessary initial letters and notices regarding the administrations and our appointment Writing to the Companies' directors to request Statements of Affairs	To comply with statutory obligations
	Remuneration report	Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred.	To comply with statutory obligations
	Proposals	Drafting and reviewing a statement of proposals to creditors including preparing receipts and payments accounts and statutory information	To comply with statutory obligations

		Circulating notice of the proposals to creditors, members and the Registrar of Companies	
	Progress reports and extensions	Preparing and issuing our first six month progress report to creditors and the Registrar	To comply with statutory obligations
	Books and records / company data	Liaising with Company staff to capture company data by backing up key systems Collecting company books and records where not related to investigatory work Transferring responsibility for safeguarding pre-appointment books and records to the Purchaser in the sale and purchase agreement	To comply with statutory obligations
	Other statutory and compliance	Filing of statutory documents Updating checklists and diary management system	
Tax & VAT	Tax	Gathering information for initial tax reviews Carrying out tax review and subsequent enquiries	To comply with statutory obligations
	VAT	Gathering information for the initial VAT review Ensuring options to tax were in place Carrying out VAT review and dealing with any subsequent queries Preparing VAT return, and payment of liability to HMRC	To comply with statutory obligations
Administration	Strategy and planning	Completing tasks relating to job acceptance Preparing fee budgets and monitoring cost Providing regular updates to the joint administrators Regular review of staffing requirements	To ensure orderly management and case progression

Our future work

Note that our estimate for our future costs for this work is provided in our remuneration report available on the Company website.

Work Category	Area of work	Work to undertake	Why the work was necessary and what, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	Property	Liaising with agents and landlords Liaising with purchaser and lawyers in relation to licence to occupy at the leasehold properties Liaising with purchaser for payment of rent for the leasehold properties Continuing to pay rent and other charges due to landlords whilst in occupation of leasehold properties Assisting with the assignment of the leases for the leasehold properties Liaising with the landlords of the leasehold properties to agree a surrender of the lease	Maximises potential returns to creditors
	Asset recoveries	Identifying potential asset recoveries Instructing and liaising with agents previously instructed by the Companies regarding recovery actions Holding internal meetings to discuss status of litigation Attending to negotiations and settlement matters	Maximises potential returns to creditors
	Retention of title claims	Assisting the Purchaser in adjudicating retention of title claims if required Corresponding with claimants regarding outcome of adjudication if required	Maximises potential returns to creditors
	Insurance	Corresponding with insurer regarding initial and ongoing insurance requirements Dealing with any claims in relation to pre-administration trade	Maximises potential returns to creditors
Creditors	Creditor enquiries	Receiving and following up creditor enquiries via telephone, email and post Reviewing and preparing correspondence to creditors and their representatives	Updating creditors and providing updates on case progression Ultimately relates to returning funds to creditors

		Receiving and filing proofs of debt when not related to a dividend	
	Secured creditors	Preparing reports to Secured creditors Responding to Secured creditors' queries Making distributions in accordance with security entitlements	To keep the secured creditors appraised of the position in relation to recovery of their debt
	Unsecured claims (Opco, Midco and Topco)	Dealing with proofs of debt for dividend purposes Reviewing claims received on the creditor portal Receiving proofs of debt and maintaining register Adjudicating claims and undertaking an initial comparison with amounts in the directors' statement of affairs, including requesting further information from claimants Preparing correspondence to claimants advising outcome of adjudication and advising of intention to declare dividend Advertising intention to declare dividends, where relevant Calculating dividend rates and preparing dividend files, where relevant Preparing correspondence to creditors announcing declaration of dividend, where relevant Preparing and paying distribution to unsecured creditors, where relevant	Ultimately relates to returning funds to creditors
	Shareholder enquiries	Responding to any shareholder queries	To comply with statutory obligations
Employees and pensions	Pensions	Issuing statutory notices upon ceasing to act	To comply with statutory obligations
Statutory and compliance	Remuneration report	Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees stimate and the expenses that are likely to be incurred Collating and recording votes received on the basis of our remuneration and other resolutions	To comply with statutory obligations
	Progress reports and extensions	Preparing and issuing our first six month progress report to creditors and the Registrar Preparing and sending our second and subsequent progress reports to creditors and the Registrar	To comply with statutory obligations

		Preparing the relevant documents to seek an extension to the administrations where necessary Seeking approval from the Secured Creditors for the extension Filing notice of the extension at Companies House & the Court	
	Books and records / company data	Capturing company data by backing up key systems and email accounts Sending job files to storage	To comply with statutory obligations
	Other statutory and compliance	Filing of statutory documents Updating checklists and diary management systems	To comply with statutory obligations
Tax & VAT	Tax	Preparing tax computations Liaising with HMRC Obtaining tax clearances	To comply with statutory obligations
	VAT	Liaising with HMRC Preparing and submitting quarterly VAT returns Managing members of the VAT Group Deregistering for VAT	To comply with statutory obligations
Administration	Strategy and planning	Progression meetings Maintaining estimated outcome statement	To ensure orderly management and case progression
	Accounting and treasury	Distributions to secured and unsecured creditors of Opco and Topco Raising payments in respect of invoices due Coding up receipts into the administration estates Payments of rent & property expenses due under LTO Bank reconciliations Payment of unclaimed dividends to ISA Accounts closure	To comply with statutory obligations Ensures proper stewardship of funds
	Closure procedures	Obtaining clearances from third parties Completing checklists and diary management system Filing statutory documents Closing down internal systems	To comply with statutory obligations

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 administrations but has not yet been approved by Secured Creditors where required.

The following disbursements arose in the period of this report:

Opco

2	**Photocopying** – At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	56.30
3	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Bonding	225.00
1	Postage costs	7,611.95
1	Courier fees	90.64
1	Storage costs	357.01
	Total	**8,340.90**

Manco, Xercise Health and Fitness Club Limited, Wakefield, Xercise4Less (Leeds) Limited, Xercise4Less (Wigan) Limited, Xercise4Less (Doncaster) Limited, Xercise4Less (Hull) Limited, Xercise4Less (Bolton) Limited, Xercise4Less Newcastle Under Lyme Limited, Xercise4Less (Nottingham) Limited

1	Bonding (Topco and Midco)	225.00
1	Bonding (all remaining companies)	10.00

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.

Legal and other professional firms

We've instructed the following professionals on this case:

Legal services, including: Appointment related matters; Advice on licence to occupy & property matters; Advice on ROT claims; and Sale of business contracts.	Addleshaw Goddard LLP	Industry knowledge	Time costs & disbursements
Agent's fees, including: Rates recoveries	Wharfedale Property Management Ltd	Industry knowledge and expertise	Percentage of realisations
Debt recovery services	Harlands Services Limited	Industry knowledge and expertise	Percentage of realisations

The table below provides details of costs which were incurred before our appointment as Administrators but with a view to the Company entering administration. Details of the work done and expenses incurred follow.

Our fees as Administrators-in-waiting	Engagement letter between Wright Leisure Topco Limited and PwC dated 17 April 2020	375,559.00	Wright Leisure Topco Limited	26,762.50	Pre-administration/ pre-appointment costs as detailed below
Expenses incurred by us as Administrators-in-waiting	As above	2,242.50	Wright Leisure Topco Limited	Nil	Disbursements incurred by the administrators-in-waiting in relation to the data room and document production
Pre-appointment legal fees	Engagement letter between Addleshaw Goddard LLP and Wright Leisure Topco Limited	5,747.00		5,747.00	Pre-appoint legal fees and disbursements incurred by Addleshaw Goddard
Total		**383,588.50**		**28,509.50**	

During the period since issuing our proposals document, we have been informed that Addleshaw Goddard LLP, our legal advisors in the build up to the administration have outstanding legal costs of £5,747.00 plus VAT (total: £6,896.40). As we do not believe that these costs will materially affect the overall outcome, and as the work was done for the benefit of creditors in the build up to insolvency, we are proposing that these costs form part of our approval for pre-appointment costs to be approved by the Secured Creditors.

To the best of our knowledge and belief, no fees or expenses were charged by any other insolvency practitioner.

During the period covered by this report, we have prepared our remuneration report to creditors & approval request to obtain approval for payment of the unpaid pre-appointment costs detailed in our proposals (and in the above table).

Court details for the administrations:	**All in the High Court of Justice, Business and Property Courts in Leeds** **Insolvency & Companies List (ChD)** Wright Leisure Topco Limited - CR-2020-LDS-000593 Wright Leisure Manco Limited - CR-2020-LDS-000596 Wright Leisure Midco Limited- CR-2020-LDS-000598 Wright Leisure Limited - CR-2020-LDS-000600 Xercise Health And Fitness Club Limited CR-2020-LDS-000604 Xercise4Less (Wakefield) Limited - CR-2020-LDS-000594 Xercise4Less (Leeds) Ltd - CR-2020-LDS-000595 Xercise4Less (Wigan) Ltd -CR-2020-LDS-000603 Xercise4Less (Doncaster) Limited- CR-2020-LDS-000605 Xercise4Less (Hull) Limited - CR-2020-LDS-000597 Xercise4Less (Bolton) Limited - CR-2020-LDS-000602 Xercise4Less Newcastle under Lyme Limited - CR-2020-LDS-000599 Xercise4Less (Nottingham) Limited- CR-2020-LDS-000601
Full names and Registered numbers:	Wright Leisure Topco Limited - 11331128 Wright Leisure Manco Limited -12275784 Wright Leisure Midco Limited -11331879 Wright Leisure Limited - 07572128 Xercise Health And Fitness Club Limited - 06316205 Xercise4Less (Wakefield) Limited - 07305884 Xercise4Less (Leeds) Ltd - 07762515 Xercise4Less (Wigan) Ltd - 07762643 Xercise4Less (Doncaster) Limited - 07962472 Xercise4Less (Hull) Limited - 08038683 Xercise4Less (Bolton) Limited - 08113124 Xercise4Less Newcastle under Lyme Limited - 08395210 Xercise4Less (Nottingham) Limited- 08488780
Trading name:	Xercise4Less
Registered addresses:	All of the Companies' former registered addresses were Unit 1 Kirkstall Industrial Estate, Kirkstall Road, Burley, Leeds, LS4 2AZ. All of the Companies are now registered at Central Square, 29 Wellington Street, Leeds, England, LS1 4DL
Date of the administration appointments:	22 July 2020
Administrators' names and addresses:	Toby Scott Underwood of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL Robert Nicholas Lewis of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT Contact details: Adam Thompson - 0113 289 4983