

AM03

Notice of administrator's proposals



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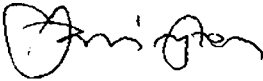
1	Company details	
Company number	1 2 8 4 3 8 8 5	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Digme At Home Limited	
2	Administrator's name	
Full forename(s)	Chris	
Surname	Farrington	
3	Administrator's address	
Building name/number	22 York Buildings	
Street		
Post town	London	
County/Region		
Postcode	W C 2 N 6 J U	
Country		
4	Administrator's name ❶	
Full forename(s)	Simon	❶ Other administrator Use this section to tell us about another administrator.
Surname	Jagger	
5	Administrator's address ❷	
Building name/number	22 York Buildings	❷ Other administrator Use this section to tell us about another administrator.
Street		
Post town	London	
County/Region		
Postcode	W C 2 N 6 J U	
Country		

AM03
Notice of Administrator’s Proposals

6 Statement of proposals

<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
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7 Sign and date

Administrator's Signature	Signature ✕  ✕									
Signature date	<table><tr><td>^d 2</td><td>^d 3</td><td>^m 0</td><td>^m 2</td><td>^y 2</td><td>^y 0</td><td>^y 2</td><td>^y 2</td></tr></table>	^d 2	^d 3	^m 0	^m 2	^y 2	^y 0	^y 2	^y 2	
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AM03

Notice of Administrator's Proposals



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	Shanice Austin						
Company name	ReSolve Advisory Limited						
Address	22 York Buildings						
Post town	London						
County/Region							
Postcode	W	C	2	N	6	J	U
Country							
DX							
Telephone	020 7702 9775						



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 and dated 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

RE|SOLVE

Digme Fitness Limited
Digme At Home Limited
Digme Covent Garden Limited

(‘the Companies’)

In Administration

High Court of Justice Business and Property Courts, Chancery Division, London

Court references:

Digme Fitness Limited – CR-2022-000059
Digme At Home Limited – CR-2022-000072
Digme Covent Garden Limited – CR-2022-000073

Joint Administrators’ proposals for achieving the purpose of Administration

Date: 23 February 2022

Deemed date of delivery to creditors: 25 February 2022

Contents

- 1 Abbreviations and definitions
- 2 The purpose of this document
- 3 Summary of estimated recoveries for creditors
- 4 Brief history of the Company and events leading to its administration
- 5 Conduct of the Administration to date and next steps if our proposals are approved
- 6 Statement of Affairs
- 7 Receipts and payments account
- 8 Administrators' proposals
- 9 Statutory and other information

Appendices

- I Pre-appointment time costs and expenses
- II Administrators' remuneration policy, charge out rates and expense policy
- III Schedule of post-appointment time costs, narrative and fee estimate
- IV Notice of decisions by deemed consent
- V Notice of invitation to form a creditors' committee
- VI Proof of debt
- VII Estimate of financial position
- VIII Statement of Insolvency Practice 16
- IX Viability statement
- X Evaluator report

1. Abbreviations and definitions

Abbreviations and terms that may be used in these proposals:

Abbreviation	Definition
Administrators/we/us/our	Chris Farrington and Simon Jagger
BEIS	Department for Business, Energy and Industrial Strategy
Category 1 expenses	Please see Appendix II for a full explanation
Category 2 expenses	Please see Appendix II for a full explanation
Companies	Digme Fitness Limited, Digme At Home Limited and Digme Covent Garden Limited
Hilco	Hilco Appraisal
HMRC	HM Revenue & Customs
IA86	The Insolvency Act 1986 (e.g. s248 IA86: section 248 Insolvency Act 1986)
ICAEW	Institute of Chartered Accountants in England & Wales, regulatory authority
IR16	The Insolvency (England and Wales) Rules 2016 (e.g. r3.30 IR16: rule 3.30 Insolvency (England and Wales) Rules 2016)
LTO	Licence to Occupy, an informal licence provided to the purchaser to allow the continuation of the business at the premises through the protection offered by the moratorium
Pre-Pack Sale	Whereby the directors accept an offer in principal, appoint administrators, and the administrators complete the offer for the business and select assets.
Preferential creditor(s)	Employee claims for unpaid wages earned in the 4 months preceding the administration, up to £800, holiday pay and in certain circumstances, unpaid pension contributions, and HMRC claims for certain unpaid taxes such as VAT and PAYE, which rank behind the preferential claims of the employees
Prescribed part	The amount set aside for creditors from floating charge funds in accordance with s176A IA86 and the IA86 Prescribed Part Order 2003
Purchaser	Digme Digital Limited
ReSolve / Firm	ReSolve Advisory Limited
RoT	Retention of title: Claims made by suppliers that title of goods supplied to the Company remains with them after delivery to the Company but before payment made
RPS	Redundancy Payments Service, part of the Insolvency Service, an executive agency of BEIS. 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(s)	Creditors with security in respect of their debt, in accordance with s248 IA86
Shoosmiths	Shoosmiths LLP

SIP	Statement of Insolvency Practice. Issued to insolvency practitioners by regulatory authorities. SIPs set out the principles and key compliance standards by which insolvency practitioners are required to operate
SIP 9	This SIP deals specifically with payments to insolvency office holders and their associates
SIP 16	Addresses the disclosure requirements on completion of a sale that occurs either immediately prior or shortly on appointment
SoA	Statement of Affairs
TUPE	Transfer of Undertakings (Protection of Employment)
Unsecured creditor(s)	Creditors that are neither secured nor preferential
West Hill	West Hill Capital LLP

2. The purpose of this document

Please be advised that Chris Farrington and Simon Jagger were appointed as Joint Administrators of the Companies on 16 February 2022.

In this document we provide:

- a brief history of the Companies;
- reasons why we were appointed; and
- our proposals for achieving the purpose of the Administrations.

We also provide details of the Companies' assets and liabilities and the likely outcome for each class of creditor.

The IA86 states the purpose of an administration is to achieve one of these three hierarchical objectives:

- (a) rescue the company as a going concern; or
- (b) achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
- (c) realise the company's assets to pay a dividend to secured or preferential creditors.

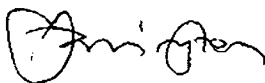
Objective (a) could not be achieved as no purchaser could be found for the shares of the Companies nor any investor willing to introduce rescue capital and the nature of the Companies' trading and their financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, we are seeking to achieve objective (b) for the Companies, and have done this by completing a Pre-Pack Sale of certain of the business and assets of the Companies, thereby preserving the majority of employees' jobs, mitigating the quantum of the claims from landlords and achieving a better price for certain assets than would have been achievable in a winding-up.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Companies within 12 months then we will either apply to the Court, or hold a decision procedure of creditors, in order to seek approval to extending the duration of the Administrations.

We will manage the affairs of the Companies until our proposals for achieving the objective of these administrations have been implemented as far as possible, after which the administrations will end.

If you have any questions regarding the contents of this document, please contact Shanice Austin on 020 7702 9775 or by email to Shanice.austin@resolvegroupuk.com.



Chris Farrington
Joint Administrator
For and on behalf of the Companies

The affairs, business and property of the Company are being managed by the Joint Administrators.
Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability
Cameron Gunn, Mark Supperstone, Lee Manning, Chris Farrington, Ben Woodthorpe, Myles Jacobson and Simon Jagger are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales
Please refer to the firm's privacy notice setting out your rights and explaining how your data will be used. The notice can be found on our website here
www.resolvegroupuk.com/policies2/

3. Summary of estimated recoveries for creditors

Estimated outcome for secured creditors

Digme Fitness Limited

Secured creditors	Claims £'000s	Recovery %	Forecast timing for repayment
West Hill Capital LLP	2,307	Nil	N/A

West Hill Capital LLP holds a fixed and floating charge debenture over the assets of the Digme Fitness Limited, created 13 January 2020 and delivered to Companies House on 28 January 2020. The total indebtedness to West Hill Capital LLP is £2.3m, subject to interest and other charges as applicable.

Based on the estimated value of the Digme Fitness Limited's assets, it is unlikely there will be any return to West Hill.

Shoosmiths undertook a review of Digme Fitness Limited's security position prior to the Administration and have confirmed that although the debenture is valid, it contains only floating charges over the assets as there is no valid fixed charge in the debenture.

There are no Secured creditors in respect of either Digme At Home Limited or Digme Covent Garden Limited.

Estimated dividend prospects for other creditors

Digme Fitness Limited

Creditors	Claims £'000s	Recovery %	Forecast timing for repayment
Preferential - Employees	8	Nil	N/A
Preferential - HMRC	415	Nil	N/A
Unsecured	3,238	Nil	N/A

Digme At Home Limited

Creditors	Claims £'000s	Recovery %	Forecast timing for repayment
Preferential - Employees	Nil	N/A	N/A
Preferential - HMRC	Nil	N/A	N/A
Unsecured	46	Nil	N/A

Digme Covent Garden Limited

Creditors	Claims £'000s	Recovery %	Forecast timing for repayment
Preferential - Employees	Nil	N/A	N/A
Preferential - HMRC	Nil	N/A	N/A
Unsecured	132	Nil	N/A

This summary of the estimated recoveries for creditors is based on information available as at the date of this report.

4. Brief history of the Companies and events leading to the Administrations

Background

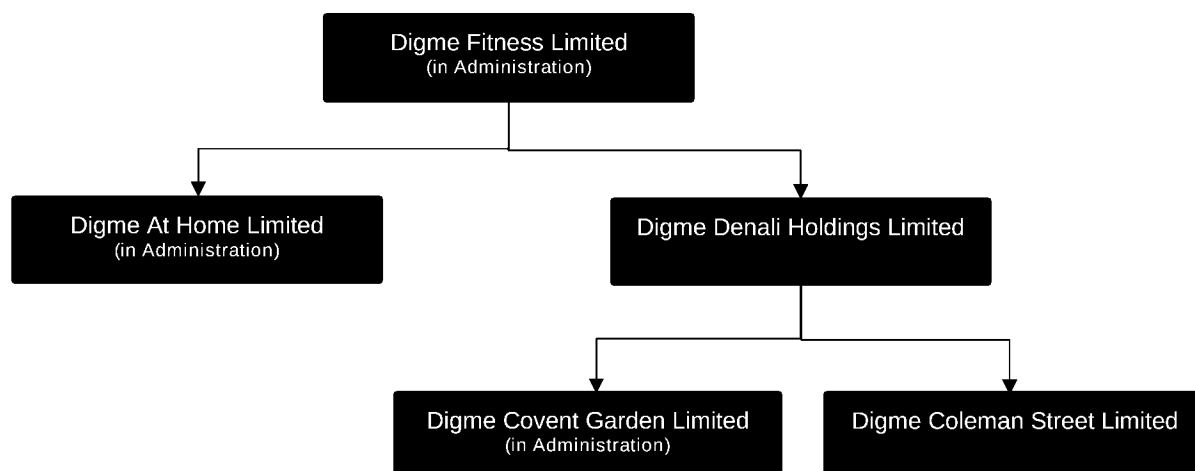
Digme Fitness Limited was initially incorporated in June 2015 to provide pay-as-you-go fitness services, including yoga, HITT and indoor spin classes, and soon expanded to offer services at six sites, including one in Oxford.

After a several years of trading, Digme Fitness Limited was profitable and in January 2020 it went on to secure an additional two leasehold sites (at Covent Garden and Coleman Street) through an acquisition of what is now known as Digme Denali Holdings Limited. This expanded the number of studios from which Digme Fitness Limited operated, from six to eight, however Digme Fitness Limited continued to operate as the principal trading company.

In order to fund the acquisition of the Covent Garden and Coleman Street sites, Digme Fitness Limited issued a £1.9m Secured Convertible Loan Note in January 2020, secured by the debenture registered at the same time. Based on the trading forecast it was envisaged this would be repaid in the summer of 2020 via a new equity raise following the anticipated launch of Digme Fitness at these new sites.

When the first national lockdown was enforced in March 2020 following the onset of the global COVID-19 pandemic, all sites were closed resulting in a cashflow shortage for the group. To generate revenue during this period the business created a new company, Digme At Home Limited, which was focussed on delivering fitness classes online via a digital fitness app. Several cutbacks in non-essential expenditure as well as redundancies were made to further reduce outgoings during the various lockdowns throughout 2020 and 2021.

An overview of the group is provided below:



Despite these efforts, the group still required further funding to meet historic liabilities and to continue to trade. Funding rounds were undertaken from April 2021 to raise the additional investment needed to support the group. However, uncertainties in the fitness sector returning to normal, caused by the delayed return to work and widespread change in people's work patterns, deterred many investors from committing funds to the business.

The table below shows the Companies' recent financial performance. Please note these are consolidated and therefore include all companies within the group:

Financial statements				Balance sheet			
Profit and loss account	Year ended 31-Dec-19	Year ended 31-Dec-20	Year ended 31-Dec-21		As at 31-Dec-19	As at 31-Dec-20	As at 31-Dec-21
All in £'000s	Financial statements	Management accounts	Management accounts	All in £'000s	Financial statements	Not available	Management accounts
Turnover	9,478	2,280	1,843	Fixed assets	4,550		4,986
Cost of sales	(3,182)	(827)	(1,020)	Current assets			
Gross profit	6,295	1,452	823	Stock	37		32
Administrative expenses	(6,646)	(2,811)	(3,599)	Debtors	484		314
EBITDA	(350)	(1,359)	(2,776)	Prepayments	577		120
				Rent deposits	-		814
				Cash	112		85
					1,209		1,365
				Current liabilities	(1,999)		(5,333)
				Non-current liabilities	(1,177)		(5,614)
				Provisions for liabilities	(169)		(473)
				Net assets	2,415		(5,069)
				Capital and reserves			
				Share capital and premium	9,242		11,432
				Profit and loss account	(6,827)		(16,501)
					2,415		(5,069)

Source: Financial statements and management information

Please note that the management accounts have not been audited.. A balance sheet was not prepared by the Companies at 31 December 2020.

The directors engaged ReSolve on 15 December 2021 to assist in planning for the Administration of the Companies and complete a Pre-Pack Sale of the business and assets.

A Notice of Intention to Appoint Administrators ("NOI") was filed on 7 February 2022 and subsequently served on the Secured creditor.

The Companies were placed into Administration on 16 February 2022 and the Pre-Pack Sale completed shortly thereafter.

Prior professional relationships

Prior to the Administration, ReSolve was introduced to Digme Fitness Limited ("the Company") directly by its CEO, Mr Geoff Bamber. The following work was performed by ReSolve prior to our appointment:

Under the terms of an Engagement Letter dated 7 December 2021

- Provide ad hoc restructuring advice to the Company as and when required and assist the Board in its deliberations over the Company's options;
- Advise the Company in connection with any relevant discussions and negotiations with its secured creditors, loan note holders and other key financial stakeholders as required; and
- Perform high-level analysis of the Company's creditors to assess how they might vote in a potential Company Voluntary Arrangement that sought to cram-down the Landlords whilst keeping all other landlords and other unsecured creditors whole.

Shortly following our initial engagements, it became clear that the Companies urgently required either further funding or a complete restructure as the ongoing impact of COVID-19 meant the business was loss making and was or was likely to become insolvent.

On 15 December 2021 ReSolve was instructed to carry out an accelerated sale ("AMA") process to seek either urgent rescue investment or a sale of the business and assets.

During this period, advice was provided by ReSolve to the Board as a whole, acting on behalf of the Companies, about the Companies' financial difficulties and options available to the Companies to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Companies on their personal financial affairs. Whilst not formally in office at that time, the

officeholders were still required to act in their dealings with the Companies in accordance with the Insolvency Code of Ethics.

As part of our routine pre-appointment procedures, we gave careful consideration as to whether this prior work would result in any ethical threats, including conflicts of interest, as set out in the ICAEW's Code of Ethics for Insolvency Practitioners. Our prior work has not been linked to any of the causes of the Company's failure, accordingly we are not precluded from acting as the Company's Administrators. Details of the Code and internal policies relevant to this appointment can be found here www.resolvegroupuk.com/policies2/.

Pre-administration costs

These are costs incurred prior to the Companies entering administration but with a view to it doing so. Our pre-administration costs total £47,330, after an agreed 20% discount against ReSolve's standard hourly charge-out rate, of which we have been paid £31,698 by Digme Fitness Limited prior to our appointment and the balance of £15,632 remains outstanding. Full details of these costs are provided at Appendix I.

I am not seeking a decision from the creditors approving my proposals. As a result, it will be for the Digme Fitness Limited's Secured creditor and preferential creditors to approve the outstanding pre-administration costs.

However, if creditors elect a Creditors Committee, that committee would instead have authority to approve the payment of these costs under r3.52 IR16.

5. Conduct of the administration to date and next steps if our proposals are approved

A summary of the principal actions we have taken since our appointment over the Companies is set out below:

- Corresponded with the Companies' pre-appointment insurance brokers and specialist insolvency insurance brokers to ensure adequate ongoing insurance cover remained in place during the Administrations;
- Notified the Companies' creditors and professional advisors of the Administrators' appointment;
- Notified the Companies and shareholders of the Administrators' appointment;
- Arranged the opening of an insolvency estate bank accounts for each of the Companies;
- Notified the Companies' pre-appointment bankers, NatWest and Santander UK Plc, of our appointment and requested the transfer of any credit balances held to be transferred to the respective insolvency estate accounts;
- Wrote to those employees of Digme Fitness Limited who were made redundant prior to the Administration to confirm their position and explain the claim submission process;
- Wrote to the directors of the Companies, advising them of the Administrations and setting out the Administration process and the Administrators' role;
- Liaised with the directors in relation to the submission of the Statement of Affairs and questionnaires;
- Wrote to the landlords of those premises excluded from the Pre-Pack Sale, advising of the Administrations and coordinating the return of keys to the premises;
- Corresponded with external legal advisors and the Purchaser generally regarding post sale completion matters;
- Drafted the Administrators SIP 16 report;
- Drafted these Administrators' proposals; and
- Addressed statutory duties associated with the Administrations.

Pre-pack sale of business and assets

On 16 February 2022, the Pre-Pack Sale was completed to the Purchaser. The Administrators consider it appropriate to provide the disclosure required in accordance with SIP 16, which deals with sales either immediately on or shortly after the appointment of Administrators. Please see Appendix VIII for further information.

A brief summary of the assets sold, and the consideration received is detailed below:

Asset category	Consideration (£)
Business Information	3,000
Intellectual Property Rights and other Intangible Assets	3,000
Contracts and Prepayments	10,000
Goodwill, Name, Social Media Accounts	4,000
Equipment	25,000
Stock and Work in Progress	5,000
Shares in Digme Denali Holdings Limited	1
	<u>50,001</u>

The sale was completed by way of cash consideration and was payable in full to Digme Fitness Limited.

Digme At Home Limited and Digme Covent Garden Limited were a party to the Pre-Pack sale in order to ensure:

- Any Intellectual Property Rights held by and the business of Digme At Home Limited, which were deemed of negligible value in the circumstances, were also transferred to the Purchaser; and
- The Administrators were able to grant an LTO to the Purchaser in respect of the Covent Garden premises, the lease to which is held by Digme Covent Garden Limited.

Under the terms of the transaction, the Purchaser will occupy certain of the Company's former premises for a short period post completion under LTOs, as summarised below:

Property	Status as at the date of these proposals	LTO Period
Moorgate	Purchaser in negotiations with the landlord to agree terms of occupation	Six months
Richmond	Purchaser in negotiations with the landlord to agree terms of occupation	Six months
Covent Garden	Purchaser in negotiations with the landlord to agree terms of occupation	Six months

The Pre-Pack Sale also included the shares in Digme Dinali Holdings Limited. This company is a non-trading holding company and its only assets are the shares it holds in Digme Covent Garden Limited (which is in Administration) and Digme Coleman Street Limited (where the only known asset was a leasehold interest in the group's fitness studio situated on Coleman Street in the City of London).

The acquisition of the shares in Digme Dinali Holdings Limited has enabled to the Purchaser to continue in occupation at the trading premises at Coleman Street, Bank without the requirement to enter into an LTO.

Our professional agents, Hilco, assessed the value of all of the group's leasehold interests and concluded that there was nil realisable premium value in any of them.

Property

In addition to those premises noted above that the Purchaser continues to occupy, the Company also traded from the following locations:

Property	Leaseholder	Status at the date of these proposals
Blackfriars	Govia Thameslink Railway Limited	Company vacated prior to Administration
Fitzrovia	Rathbone Place Jersey Ltd	Company vacated prior to Administration
Ealing	Kersey Properties S.A.	Company vacated prior to Administration

Oxford	Imperial Tobacco Pension Trustees Limited & Imperial Investments Limited	Company vacated prior to Administration
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Each these premises were vacated prior to the Administration and any tangible assets deemed to be of value were removed and are currently held by our agents, Hilco.

Hilco assessed the potential value of each of the leases to these premises and advised that they had nil realisable value. We have therefore written to the landlords of each of these premises to offer an informal surrender.

Cash at Bank and in transit

The Companies' pre-appointment bankers, NatWest and Santander UK Plc, have been notified of our appointments and instructed to freeze payments and continue to accept receipts.

Based on the latest information held by the Companies, the total cash balances held across each of the accounts is £13,668, made up as follows:

Company	Bank	Cash balance (£s)
Digme Fitness Limited	Santander UK Plc	12,526
Digme At Home Limited	NatWest	956
Digme Covent Garden Limited	NatWest	186
Total		13,668

We expect to recover these sums in full in due course.

Further sums totalling approximately £12,000 are also expected to be received into the pre-appointment bank accounts relating to cash in transit. This represents sales made by the Companies prior to the Administration where the cash balance is due to be paid to the Companies by the merchant services companies.

In accordance with the terms of the Pre-Pack Sale, this cash in transit is to be split equally with the Purchaser.

Debtors

The records of the Company indicate there were debtors of approximately £314k and prepayments of approximately £120k at the date of the latest balance sheet, being 31 December 2021.

We have received supporting documentation (i.e. invoices, purchase orders etc) from the Company and are in the process of reviewing documentation before we provide an assessment of the likely recovery of debts.

The Administrators will nonetheless contact the pre-appointment debtors requesting repayment of all sums that appear due, and then instruct specialist third party debt collection agents to attempt recovery, working on a commission-only basis

Employees

The only employees of the Companies are the 97 staff, including the directors, that were employed directly by Digme Fitness Limited.

Prior to the Administration, 20 staff were made redundant by Digme Fitness Limited as a result of the anticipated closure of the premises at Fitzrovia and Blackfriars.

In accordance with TUPE, the remaining 77 staff employed by Digme Fitness Limited have continued their employment with the Purchaser.

Redundant employees are being supported in making their statutory claims to the RPS.

Connected party transactions

Full details of the pre-packaged sale and the connection between the Purchaser and the Company is provided in the SIP 16 report at Appendix VIII.

Directors' conduct and investigations

We have a duty to investigate the conduct of those who have been directors of the Companies at any time in the three years before the Administration. We are required to submit our findings to BEIS within three months of our appointment.

We will also investigate the affairs of the Companies and decide whether any civil proceedings should be taken against anyone to recover or contribute to the Companies' assets.

We should be pleased to receive from you any information you consider will assist us in these investigations. This is part of our normal work as Administrators and does not imply criticism of the directors' conduct.

Objectives of the Administration

We are pursuing objective 3(1)(b) of Schedule B1 IA86 in respect of each of the Companies

Outcome for creditors

▪ Secured creditors

West Hill has a floating charge over the assets of Digme Fitness Limited in respect of lending totalling £2.3m, which continues to accrue interest and costs, as at 16 February 2022.

At this stage we estimate there will be insufficient funds available to enable a distribution to West Hill.

▪ Preferential creditors

In an Administration, outstanding wages, subject to a cap of £800, and all outstanding holiday pay of an employee ranks as a preferential debt.

As of 1 December 2021, HMRC also ranks as a secondary preferential creditor for unpaid VAT and PAYE/NI.

As mentioned previously, whilst 77 employees transferred to the Purchaser, 20 were made redundant prior to the Administration. Based on the financial records of the Companies, we anticipate employee preferential creditors will total £8,344.

HMRC is estimated to have a claim of approximately £415k in respect of Digme Fitness Limited, of which the majority is expected to rank as a preferential claim.

Based on the information available there are no preferential creditors in either Digme At Home Limited or Digme Covent Garden Limited.

At this stage, we believe it unlikely that there will be sufficient funds to make any or a significant distribution to preferential creditors.

▪ Unsecured creditors

As at 16 February 2022, the Companies had unsecured creditors totalling £3,415k broken down as follows:

Company	Claims £'000s	Recovery %	Forecast timing for repayment
Digme Fitness Limited	3,237	Nil	N/A
Digme At Home Limited	46	Nil	N/A
Digme Covent Garden Limited	132	Nil	N/A

Where a company gave a floating charge over its assets to a lender on or after 15 September 2003, there are provisions in the insolvency legislation that require the Administrators to set aside a percentage of a company's assets for the benefit of the unsecured creditors. This is known as the prescribed part of a company's net property.

A company's net property is the amount left after paying the preferential creditors, but before paying the lender who holds the floating charge. Administrators must set aside 50 per cent of the first £10,000 of the net property and 20 per cent of the remaining net property up to a maximum of £800,000.

West Hill Capital LLP was granted a floating charge over Digme Fitness Limited's assets on 13 January 2020, so the prescribed part applies in this case.

We presently estimate there will be a substantial shortfall to Digme Fitness Limited's preferential creditors and therefore the Company's net property will be nil, which means the estimated value of the prescribed part is nil.

As regards Digme At Home Limited and Digme Covent Garden Limited, we presently estimate that recoveries in each entity will be minimal and there will be insufficient assets to enable a distribution to any creditors.

The Companies' financial positions mean, after taking into account the costs of the Administration, and in the case of Digme Fitness Limited the preferential creditors, it is unlikely there will be sufficient assets to enable me to pay any dividend at all to non-preferential unsecured creditors.

Fees and expenses

According to insolvency legislation, our fees can be calculated in the following ways:

1. As a percentage of the value of the property that we deal with ("percentage basis"); or
2. By reference to the time properly given by us and our staff attending to matters arising ("time cost basis"); or
3. A set amount ("fixed fee").

In this case we are proposing our fees for the Administration be charged on the time cost basis.

Details of our time costs and expenses to date are provided at Appendix III, and a summary is provided below:

	Cost (£)	Hours	£/hour
Digme Fitness Limited	1,313	5	285
Digme At Home Limited	1,639	6	278
Digme Covent Garden Limited	1,670	6	278

If a Creditors' Committee is appointed, it will be for the committee to approve the basis of our fees and category 2 expenses. An invitation to form a Creditors Committee in respect of Digme At Home Limited and Digme Covent Garden Limited is at Appendix V.

If neither the creditors nor the committee fix the basis of our fees and category 2 expenses, we may apply to Court to fix them, no later than 18 months after the date of our appointment.

Digme Fitness Limited

I am not seeking a decision from the creditors on whether or not to approve these proposals in respect of Digme Fitness Limited as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential unsecured creditors. As a result it will be for the Secured creditor and preferential creditors to approve the basis of our remuneration.

When we seek time cost approval we have to set out a fee estimate, which acts as a cap on time costs so we cannot draw fees of more than the estimate without further approval. The fees estimate can be found at Appendix II.

This shows the estimated time costs, hours charged and average hourly rates split into various categories and by grade of staff. We estimate the total time costs we will incur in undertaking these tasks in the Administration

and any subsequent liquidation will be £100,112. We have however agreed a 20% discount against ReSolve's standard hourly charge-out rates and therefore our discounted fees estimate is £80,090.

This estimate has been provided at an early stage in the administration and before we have full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on our current knowledge of the case and our knowledge and experience of acting as administrators in respect of cases of a similar size and apparent complexity. As a result, the estimate does not account for any currently unknown complexities or difficulties that may arise during the Administration of the case.

If the time costs incurred by us exceed the estimate, or are likely to exceed the estimate, we will provide an explanation as to why in the progress reports to creditors. Since we cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where we consider it appropriate in the context of the case, we will seek a resolution to increase the fee estimate so that we will then be able to draw additional remuneration over and above this estimate.

Digme At Home Limited and Digme Covent Garden Limited

I am not seeking a decision from the creditors of Digme At Home Limited or Digme Covent Garden Limited in respect of the basis of our remuneration as it is not anticipated there will be sufficient recoveries in the estates to enable me to draw any fee. Should this change it will be for the unsecured creditors to approve the basis of our remuneration.

Further information regarding administrators' fees can be found here:

<http://www.resolvegroupuk.com/resources>

There are different versions of the guide so please ensure that you refer to the latest version. A hard copy can be obtained on request, free of charge, from this office.

6. Statement of affairs

As is standard practice, we have requested the Companies' directors to provide us with a SoA for each of the Companies, however, these are not yet due to be submitted. In the absence of an SoA we have therefore estimated the financial positions of the Companies as at 16 February 2022, and these are attached at Appendix VII.

As required by law, the names and addresses of employees have been omitted, along with the personal email addresses of the shareholders.

Please note that:

- The estimate does not make provisions for the costs of realising Companies' assets or the costs of the Administration.
- The information in the estimate has not been audited.
- The value of creditors' claims are taken from the Companies' records and could therefore change following receipt of creditors' completed proof of debt.

7. Receipts and payments account

Digme Fitness Limited

SUMMARY OF ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 16 FEBRUARY 2022 TO 23 FEBRUARY 2022		
	Estimated to realise - Statement of Affairs £	For the period 16 February 2022 to 23 February 2022 £
FLOATING CHARGE RECEIPTS		
Business information	3,000	3,000
Cash at bank	12,526	-
Cash in transit	6,000	-
Contracts and prepayments	10,000	10,000
Debtors	Uncertain	-
Goodwill	4,000	4,000
Intellectual property and other intangible assets	3,000	3,000
Other debtors	Uncertain	
Shares	1	1
Stock	5,000	5,000
Tangible fixed assets	25,000	25,000
	<u>68,527</u>	<u>50,001</u>
FLOATING CHARGE PAYMENTS		
		<u>-</u>
TOTAL (receipts less payments)		<u>50,001</u>
REPRESENTED BY		
Floating account - in Administration current account, non-interest bearing		<u>50,001</u>
TOTAL		<u><u>50,001</u></u>

Please note there have been no receipts or payments to date in respect of Digme At Home Limited or Digme Covent Garden Limited.

8. Administrators' proposals

Digme Fitness Limited

In order to achieve the objective set out at section 3 above, Simon Jagger and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of Digme Fitness Limited in order to achieve the purpose of the Administration. In particular that we:
 - (i) sell Digme Fitness Limited's assets at such time(s) on such terms as we consider appropriate;
 - (ii) investigate and, if appropriate, pursue any claims that Digme Fitness Limited may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of Digme Fitness Limited or any person, firm or company which supplies or has supplied goods or services to Digme Fitness Limited; and
 - (iii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of Digme Fitness Limited or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) the Administration of Digme Fitness Limited will end by filing notice of dissolution with the Registrar of companies. Digme Fitness Limited will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) in the event there are sufficient funds to enable the Secured creditor to be paid in full, the Administration will end by placing Digme Fitness Limited into Creditors' Voluntary Liquidation, and I propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme Fitness Limited and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved.
- (d) if appropriate, the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of Digme Fitness Limited, and propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme Fitness Limited by the Court.
- (e) if appropriate, the Administration of Digme Fitness Limited will end by making an application to Court for an order that the Administration ceases.
- (f) if appropriate, the Administration of Digme Fitness Limited will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

Digme At Home Limited

In order to achieve the objective set out at section 3 above, Simon Jagger and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of Digme At Home Limited in order to achieve the purpose of the Administration. In particular that we:
 - (i) sell Digme At Home Limited's assets at such time(s) on such terms as we consider appropriate;
 - (ii) investigate and, if appropriate, pursue any claims that Digme At Home Limited may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of Digme At Home Limited or any person, firm or company which supplies or has supplied goods or services to Digme At Home Limited; and
 - (iii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of Digme At Home Limited or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) the Administration of Digme At Home Limited will end by filing notice of dissolution with the Registrar of companies. Digme At Home Limited will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) in the event there are sufficient funds to enable the Secured creditor to be paid in full, the Administration will end by placing Digme At Home Limited into Creditors' Voluntary Liquidation, and I propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme At Home Limited and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved.
- (d) if appropriate, the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of Digme At Home Limited, and propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme At Home Limited by the Court.
- (e) if appropriate, the Administration of Digme At Home Limited will end by making an application to Court for an order that the Administration ceases.
- (f) if appropriate, the Administration of Digme At Home Limited will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

Digme Covent Garden Limited

In order to achieve the objective set out at section 3 above, Simon Jagger and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of Digme At Home Limited in order to achieve the purpose of the Administration. In particular that we:
 - (i) sell Digme Covent Garden Limited's assets at such time(s) on such terms as we consider appropriate;
 - (ii) investigate and, if appropriate, pursue any claims that Digme Covent Garden Limited may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of Digme Covent Garden Limited or any person, firm or company which supplies or has supplied goods or services to Digme Covent Garden Limited; and
 - (iii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of Digme Covent Garden Limited or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) the Administration of Digme Covent Garden Limited will end by filing notice of dissolution with the Registrar of companies. Digme Covent Garden Limited will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) in the event there are sufficient funds to enable the Secured creditor to be paid in full, the Administration will end by placing Digme Covent Garden Limited into Creditors' Voluntary Liquidation, and I propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme Covent Garden Limited and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved.
- (d) if appropriate, the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of Digme Covent Garden Limited, and propose that Chris Farrington and Simon Jagger are appointed Joint Liquidators of Digme Covent Garden Limited by the Court.
- (e) if appropriate, the Administration of Digme Covent Garden Limited will end by making an application to Court for an order that the Administration ceases.
- (f) if appropriate, the Administration of Digme Covent Garden Limited will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

Approval of proposals

Digme Fitness Limited

The financial position of Digme Fitness Limited means that it has insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors. As a result, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.

However, a creditor, or creditors, whose debts amount to at least 10 per cent of the total debts of the Company can require me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by me within eight business days from the date these proposals are delivered to the creditors. If creditors do not require me to hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure.

Digme At Home Limited and Digme Covent Garden Limited

I am seeking a decision from the creditors to approve our proposals in respect of Digme At Home Limited and Digme Covent Garden Limited using the deemed consent procedure.

If a creditor agrees with the proposed decision to approve my proposals, then they do not need to do anything. Unless 10 per cent of creditors, who would be entitled to vote at a qualifying decision procedure, object to the decision to approve my proposals they will automatically be approved on 14 March 2022.

If a creditor wishes to object to the decision, they must complete and return the enclosed notice of objection so that it is received by me by no later than 23.59 hours on 14 March 2022. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me. Objections by a creditor will not count unless they have lodged a proof of debt by no later than 23.59 on 14 March 2022.

It is my responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then I will write to creditors to seek approval for this decision using a qualifying decision process.

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within five business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10 per cent in value or 10 per cent in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

However, a creditor, or creditors, whose debts amount to at least 10 per cent of the total debts of the Company can require me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by me within eight business days from the date these proposals are delivered to the creditors. If creditors do not require me to hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure.

Extending the Administrations

We may seek the consent of the appropriate class(es) of creditors, or an order of the Court, to extend the period of the Administrations beyond the statutory period of 12 months, if we believe it is required to achieve the objective of the Administrations and to finish our work.

Discharge from liability

We will be discharged from liability in respect of our actions as Administrators at a time set by the creditors or the Court.

9. Statutory and other information

Statutory and other information																						
Full name and court details:	High Court of Justice, Business and Property Courts of England and Wales																					
	Digme Fitness Limited – CR-2022-BHM-000059 Digme At Home Limited – CR-2022-BHM-000072 Digme Covent Garden Limited – CR-2022-BHM-000073																					
Trading name(s):	N/A																					
Registered number:	09631514																					
Registered office:	Current: c/o ReSolve Advisory Limited, 22 York Buildings, John Adam Street, London WC2N 6JU. Formerly: The Carriage House, Mill Street, Maidstone, Kent, United Kingdom, ME15 6YE																					
Appointors:	The Board of Directors																					
Company directors:	Caoimhe Bebhinn Bamber, Geoff Bamber, Andrew William Johnson, Rupert James Graham Lowe, Akshata Narayan Murty, Nazar Sharif																					
Company secretary:	-																					
Shares held by directors:	<table> <tr> <th rowspan="2">Name of Shareholder</th><th colspan="2">Total amount called up</th></tr> <tr> <th>Ordinary shares</th><th>%</th></tr> <tr> <td>Caoimhe Bebhinn Bamber</td><td>34,584</td><td>8.7%</td></tr> <tr> <td>Geoff Bamber</td><td>34,584</td><td>8.7%</td></tr> <tr> <td>Rupert James Graham Lowe</td><td>17,854</td><td>4.5%</td></tr> <tr> <td>Akshata Narayan Murty</td><td>17,754</td><td>4.4%</td></tr> <tr> <td>Nazar Sharif</td><td>5,285</td><td>1.3%</td></tr> </table> <p>Please note the above is a summary of shares held in Digme Fitness Limited. Digme At Home Limited and Digme Covent Garden Limited are directly and indirectly wholly owned subsidiaries, respectively, of Digme Fitness Limited.</p>		Name of Shareholder	Total amount called up		Ordinary shares	%	Caoimhe Bebhinn Bamber	34,584	8.7%	Geoff Bamber	34,584	8.7%	Rupert James Graham Lowe	17,854	4.5%	Akshata Narayan Murty	17,754	4.4%	Nazar Sharif	5,285	1.3%
Name of Shareholder	Total amount called up																					
	Ordinary shares	%																				
Caoimhe Bebhinn Bamber	34,584	8.7%																				
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Rupert James Graham Lowe	17,854	4.5%																				
Akshata Narayan Murty	17,754	4.4%																				
Nazar Sharif	5,285	1.3%																				
Date of the Administrators' appointment	16 February 2022																					
Division of the Administrators' responsibilities:	For the purpose of paragraph 100(2) of Schedule B1, the administrators may exercise any of the powers conferred on them by IA86 jointly or individually																					
Objective being pursued by the Administrators:	Objective (b)																					
Regulation (EU) on Insolvency Proceedings:	Centre of Main Proceedings (COMI) proceedings, establishment proceedings or proceedings in which the EU Regulation has effect in the law of the United Kingdom does not apply																					

If you have any queries regarding the proposals or the conduct of the Administration in general, please contact Shanice Austin on 020 7702 9775.

Should you have any comments or complaints regarding the Administration, please contact Chris Farrington in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the administration. A request for a review can be made in writing to ReSolve Advisory Limited, 22 York Buildings, John Adam Street, London, WC2N 6JU or by email to complaints@resolvegroupuk.com.

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Details of this procedure and other regulatory policies can be found on ReSolve's website at www.resolvegroupuk.com/policies2/.

Pre-appointment time costs and expenses

The Board of the Company instructed us to assist them in running an AMA sale process and placing the Company in administration on 15 December 2021. They agreed that we should be paid our pre-appointment fees and expenses on a time cost basis subject to a 20% discount, plus disbursements, plus VAT. The fee was also capped at £75,000.

We provide below a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm (please note this time is shown before any discount has been applied):

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Pre Appointment	45.10	28,169.50	38.60	16,791.00	49.10	14,202.00	132.80	59,162.50	445.50
	45.10	28,169.50	38.60	16,791.00	49.10	14,202.00	132.80	59,162.50	445.50

The following work was undertaken:

- Designed and implemented an accelerated sale “AMA” process to seek either the introduction of urgent rescue capital or a sale of the Companies or their businesses
- Provided update reports to the Companies directors on progress throughout the AMA process
- Instructed the Companies solicitors to undertake a review of the security provided to Westhill
- Negotiated a sale of the business and assets to Digme Digital Limited, in the absence of any competing offers
- Liaised with the Companies’ directors and solicitors and with Digme Digital Limited and their legal advisors in order to bring the sale to successful completion via a pre-packaged Administration sale
- Liaised with the Companies’ directors to inform them about the Administration appointments and process;
- Corresponded with the Companies’ directors regarding appointment documentation
- Instructed solicitors to prepare Administration appointment documentation; and
- Liaised with Hilco regarding preparation of a valuation of the Companies’ assets;
- Considering the valuation and comments provided by Hilco;
- Planned internally for the appointment, including drawing up plans for day one priority actions and areas of subsequent responsibility.

The following statement sets out the time costs and expenses that were incurred and paid prior to the Administration and those where approval is being sought to pay them from administration funds.

Description	Amount £	Amount with applied discount	Paid pre- appointment £	To be paid £
Pre-appointment time-costs	59,163	47,330	31,698	15,632
Pre-appointment expenses	58,401	N/A	36,500	21,901

ReSolve has been paid ££31,698 plus VAT in respect of pre-appointment fees. This was paid by Digme Fitness Limited prior to the Administration.

Pre-appointment expenses relate to costs incurred by solicitors, Shoosmiths, and agents, Hilco, instructed by the Companies in connection with the impending Administrations.

Approval of pre-appointment fees and expenses

The Administrators are not seeking approval of the outstanding pre-appointment fees as and expenses as part of these proposals and will write separately to the secured and preferential creditors in due course.

Administrators' remuneration policy, charge out rates, expense policy, narrative, and fees' estimate

Time costs basis

Charge out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in six-minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. The hourly charge out rates to be used on this case are as follows:

Staff grade	Rates applicable from 1 May 2021 Rate per hour (£)	Rates including agreed discount (£)
Partner	625 - 755	500 – 604
Director	515 - 535	412 – 428
Senior Manager	435	348
Manager	375	300
Assistant Manager	305	244
Senior Administrator	255	204
Administrator	220	176
Junior Administrator	175	140

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Advisory Limited. Our cashier is charged at the Senior Administrator rate. The charge out rate for Chris Farrington, the lead office holder in this case, is £695 per hour before applying the 20% discount we agreed with the Company; after applying the 20% discount the charge out rate is reduced to £500 per hour.

The charge out rates are reviewed periodically (no more than once a year) and are adjusted to take account of inflation and the firm's overheads.

When we seek time costs approval, we are required to provide a fee estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees' estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in a blended rate for all of the work being carried

out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Expense policy

In accordance with Statement of Insolvency Practice 9, the basis of expense allocation must be fully disclosed to creditors. Expenses are categorised as either Category 1 or Category 2 expenses:

Category 1

These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without creditor approval. Examples of Category 1 expenses are statutory advertising, external meeting room hire, external storage, specific bond insurance, external information hosting charges, and Company search fees.

Category 2

These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement. Category 2 expenses that are likely to be incurred, and require specific approval include:

Mileage	45 pence per mile paid to staff working on the insolvency appointment
Photocopying	20 pence per sheet of paper for reporting purposes (correspondence will be digital where at all possible to minimise this expense)

Category 1 and Category 2 expenses are subject to the rights of creditors to seek further information about them or challenge them.

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors,
- Auctioneers/Valuers,
- Accountants,
- Quantity Surveyors,
- Estate Agents,
- Pension specialists,
- Employment Claims specialists, and
- GDPR/Cyber Security specialists.

The following professionals have been utilised in this matter and the costs of these also comprise Administration expenses:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date /£	Paid	Estimated future fees
Hilco	Agents/Valuers	Fixed fee	10,000	10,000	-
Shoosmiths	Legal	Time costs	48,401	26,500	5,000

The choice of professionals was based on our perception of their experience and ability to perform the type of work assigned to them, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and we are satisfied they are reasonable in the circumstances of this case.

Narrative for each of the above

Hilco

Hilco were engaged to undertake a review of the Companies' leasehold properties and tangible assets, such as the equipment and furniture, on both an in-situ and ex-situ basis. Hilco has confirmed to us in writing of its independence and that it holds adequate indemnity insurance.

Shoosmiths

Shoosmiths were engaged prior to the Administration to assist with the Pre-Pack Sale particulars, draft the appointment documentation, undertake a security review and to provide general insolvency advice as required. They have been further engaged post-appointment to deal with any further matters pertaining to the Pre-Pack Sale and the proposed lease assignment(s) to the Purchaser.

Appendix III

Schedule of post appointment time costs For the period from 16 February 2022 to 23 February 2022

Digme Fitness Limited

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring	-	-	-	-	0.10	22.00	0.10	22.00	220.00
	-	-	-	-	0.10	22.00	0.10	22.00	220.00
Creditors									
Unsecured	-	-	0.30	130.50	-	-	0.30	130.50	435.00
Employees	-	-	-	-	0.70	154.00	0.70	154.00	220.00
	-	-	0.30	130.50	0.70	154.00	1.00	284.50	284.50
Statutory									
Statutory paperwork / form completion	-	-	0.40	174.00	2.20	484.00	2.60	658.00	253.08
Filing documents with CH / Court	-	-	-	-	0.20	44.00	0.20	44.00	220.00
Reporting to creditors	-	-	0.70	304.50	-	-	0.70	304.50	435.00
	-	-	1.10	478.50	2.40	528.00	3.50	1,006.50	287.57
Total hours and cost	-	-	1.40	609.00	3.20	704.00	4.60	1,313.00	285.43

Digme At Home Limited

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring	-	-	-	-	0.10	22.00	0.10	22.00	220.00
	-	-	-	-	0.10	22.00	0.10	22.00	220.00
Statutory									
Statutory paperwork / form completion	-	-	0.40	174.00	2.20	484.00	2.60	658.00	253.08
Filing documents with CH / Court	-	-	-	-	0.20	44.00	0.20	44.00	220.00
Reporting to creditors	-	-	-	-	3.00	915.00	3.00	915.00	305.00
	-	-	0.40	174.00	5.40	1,443.00	5.80	1,617.00	278.79
Total hours and cost	-	-	0.40	174.00	5.50	1,465.00	5.90	1,639.00	277.80

Digme Covent Garden Limited

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring	-	-	-	-	0.20	52.50	0.20	52.50	262.50
	-	-	-	-	0.20	52.50	0.20	52.50	262.50
Statutory									
Statutory paperwork / form completion	-	-	0.40	174.00	2.20	484.00	2.60	658.00	253.08
Filing documents with CH / Court	-	-	-	-	0.20	44.00	0.20	44.00	220.00
Reporting to creditors	-	-	-	-	3.00	915.00	3.00	915.00	305.00
	-	-	0.40	174.00	5.40	1,443.00	5.80	1,617.00	278.79
Total hours and cost	-	-	0.40	174.00	5.60	1,495.50	6.00	1,669.50	278.25

Narrative of work carried out:

Administration and Planning

This represents the routine administrative work that is required of the office holders and their staff, together with the control and supervision of the work done on the case by the office holders and their staff. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holders to meet their requirements under the insolvency legislation and the SIP, which set out required practices that office holders must follow:

Case planning

- Review and storage of Company records.
- Case planning and administration.

Cashiering

- Dealing with the day to day management of the internal cash book.
- Making payments and dealing with receipts.

General administration

- Statutory notifications and advertising.
- Case bordereau.
- Preparing the documentation required.
- Dealing with all routine correspondence.
- Liaising with insurers regarding initial cover.
- Updating the Insurers with respect to the disposal of assets.
- Maintaining physical case files and electronic case details.
- Liaising with the Company's directors regarding provision of information.

Creditors

Work involved in dealing with all classes of creditors.

The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPS. That work will include dealing with queries received from both the ex-employees and the RPS to facilitate the processing of the claims. The office holders are required to undertake this work as part of his statutory functions.

The office holders need maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holders will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory obligations.

Secured

- Discussed with the Secured creditors the sums due in respect of their total indebtedness.

Unsecured

- Dealing with creditor correspondence, emails and telephone conversations.
- Maintaining up to date creditor information on the case management system.

Employees

- Liaising with employees with respect to their redundancy.
- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the RPS.
- Corresponding with employees regarding their claims.

Statutory

These activities involve complying with legislation including but not limited to; The IA86, The IR16, The Companies Act 2006, The Bribery Act 2010, the Money Laundering Regulations 2017, SIPs and Pension Regulations. These activities do not add any direct benefit to creditors and they form part of the statutory obligations of the Administration.

- Preparation and delivery of all statutory documentation.
- Informing Companies House of the Administration.
- Liaising with solicitors regarding appointment documentation.
- Dealing with statutory issues required under IA86, IR 2016 and the Statements of Insolvency Practice.

Administrators' fee estimate

Digme Fitness Limited

FEES ESTIMATE

	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work (£)	Average charge out rate (£)
ADMINISTRATION AND PLANNING (Note 2)			
Description of the tasks to be undertaken in this category of work			
Case planning and monitoring			
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	10.00	5,130.00	
Setting up physical/electronic case files (as applicable).	2.00	440.00	
Setting up the case on the practice's electronic case management system and entering data.	2.80	723.00	
Undertaking periodic reviews of the progress of the case.	16.00	4,850.00	
Overseeing and controlling the work done on the case by case administrators.	6.00	3,130.00	
Compliance matters			
Obtaining a specific penalty bond.	0.90	378.50	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	2.00	870.00	
Cashiering			
Opening, maintaining and managing the office holder's estate bank account.	2.50	930.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.	4.00	1,362.50	
General administration			
Arranging suitable insurance over assets.	3.00	1,240.00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place.	3.00	1,132.50	
Preparing and filing VAT returns.	7.50	2,272.50	
Seeking closure clearance from HMRC and other relevant parties.	2.50	937.50	
Total	62.20	23,396.50	376.15
INVESTIGATIONS (Note 3)			
Description of the tasks to be undertaken in this category of work			
D return preparation			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act.	2.50	787.50	
General investigation			
Recovering the books and records for the case.	2.50	937.50	
Listing the books and records recovered.	1.50	372.50	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	12.00	3,885.00	
Other investigation			
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	3.50	1,307.50	
Total	22.00	7,290.00	331.36
REALISATION OF ASSETS (Note 4)			
Description of the tasks to be undertaken in this category of work			
Sale of business / assets			
Dealing with post appointment completion matters, such as liaising with the Purchaser and solicitors	30.00	16,475.00	
Book Debts			
Seeking to recover book debts	4.00	1,460.00	
Other			
Realising cash at bank and inventory	2.00	785.00	
Total	30.00	18,720.00	624.00

CREDITORS (note 5)

Description of the tasks to be undertaken in this category of work

Secured creditor			
Corresponding with secured creditors in respect of its claim	8.50	3,612.50	
Unsecured creditors			
Dealing with creditor correspondence, emails and telephone conversations regarding their claims.	26.00	7,565.00	
Maintaining up to date creditor information on the case management system.	4.50	1,182.50	
Total	39.00	12,360.00	316.92

STATUTORY (Note 6)

Description of the tasks to be undertaken in this category of work

Reporting to Creditors and Members			
Preparation of SIP 16 report	26.00	9,670.00	
Preparation of proposals	35.00	13,280.00	
Preparation of six month progress report and final report	34.00	11,900.00	
Filing documents with Companies House / Court			
Filing returns at Companies House and/or Court (as applicable).	5.50	1,747.50	
Filing final returns at Companies House and/or Court (as applicable).	5.50	1,747.50	
Total	106.00	38,345.00	£361.75
Total time costs and hours	259.20	100,111.50	402.04

Notes to the Administrators' fee estimate

Note 1

This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

Note 2 – Administration and planning

This represents the work that is involved in the routine administrative functions of the case by the Administrators and their staff.

Note 3 – Investigations

The insolvency legislation gives us powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure. An initial investigation determines whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation.

If potential recoveries or matters for further investigation are identified then we will incur additional time costs to investigate them in detail and to bring recovery actions where necessary. We are unable to quantify the benefit to creditors of these investigations at present but will include such information in our statutory report to creditors once the position is clear. We are also required by legislation to report to BEIS on the conduct of the directors and the work to enable us to comply with these statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 4 – Realisation of assets

This is the work that needs to be undertaken to realise the known assets in the case.

Note 5 – Creditors

Creditors: We need to maintain records of the names and addresses of creditors, together with the amounts of their claims to ensure notices and reports can be issued to the creditors. We will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. We are required to undertake this work as part of their statutory functions.

Dividends: We have to undertake certain statutory formalities in order to enable us to pay a dividend to creditors. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

Note 6 – Statutory

Statutory - preparation of reports and compliance with statutory matters pertaining to the IA86, IR16, together with compliance with SIPs.

Decision seeking approval of proposals by deemed consent

Digme At Home Limited – in Administration
Company Number 12843885

Notice is given by Chris Farrington and Simon Jagger to the creditors of Digme At Home Limited that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986 by way of a Deemed Consent Procedure:

1. That the Administrators' proposals be approved.

Please note that unless 10% of the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 14 March 2022, the decision date.

1. To object to this decision, creditors must deliver to us at our offices at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU a duly completed notice of objection by no later than 23.59 hours on 14 March 2022. It must be accompanied by proof of their debt, (if not already lodged) without which objections will be invalid.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU by no later than 23.59 on 14 March 2022 without which objections will be invalid.
3. Creditors should note that it is our responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then we will write to creditors to seek approval for this decision using a qualifying decision process.
4. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
5. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.
6. Creditors may, within five business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10 per cent in value or 10 per cent in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
7. Creditors have the right to appeal the decision made by applying to Court under Rule 15.35 within 21 days of 14 March 2022, the decision date.

Creditors requiring further information regarding the above, should either contact me at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU or contact Shanice Austin by telephone on 020 7702 9775, or by email at Shanice.austin@resolvegroupuk.com

Dated this 23rd February 2022

Chris Farrington
Joint Administrator

Digme At Home Limited – in Administration
Company Number 12843885

NOTICE OF OBJECTION TO DEEMED CONSENT

If you agree with the proposed decision, then you do not need to do anything, and can disregard this form.

Please note that if you object to the decision then you are saying that you do not approve the **Administrators' proposals**.

The following decision is sought from the creditors of Digme At Home Limited by way of a Deemed Consent Procedure;

1. That the Administrators' proposals be approved

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

THIS DECISION IS OBJECTED TO BY

Name of creditor: _____

Signature of creditor: _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which
signing document: _____

Date: _____

Note: The completed form should be delivered to Chris Farrington and Simon Jagger, either by posting it to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU, or by emailing it to shanice.austin@resolvegroupuk.com, so that it is delivered by 23.59 hours on 14 March 2022 in order to be counted as an objection. It must be accompanied by proof of the debt, unless one has already been submitted. Failure to do so will lead to this objection being invalid. You are encouraged to return any forms or correspondence in respect of this matter by email to shanice.austin@resolvegroupuk.com rather than by post to ensure it is received ahead of the deadline.

Please note that unless 10% by value the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 14 March 2022, the Decision Date.

Decision seeking approval of proposals by deemed consent

Digme Covent Garden Limited – in Administration
Company Number 09752276

Notice is given by Chris Farrington and Simon Jagger to the creditors of Digme Covent Garden Limited that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986 by way of a Deemed Consent Procedure:

1. That the Administrators' proposals be approved.

Please note that unless 10% of the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 14 March 2022, the decision date.

1. To object to this decision, creditors must deliver to us at our offices at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU a duly completed notice of objection by no later than 23.59 hours on 14 March 2022. It must be accompanied by proof of their debt, (if not already lodged) without which objections will be invalid.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU by no later than 23.59 on 14 March 2022 without which objections will be invalid.
3. Creditors should note that it is our responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then we will write to creditors to seek approval for this decision using a qualifying decision process.
4. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
5. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.
6. Creditors may, within five business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10 per cent in value or 10 per cent in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
7. Creditors have the right to appeal the decision made by applying to Court under Rule 15.35 within 21 days of 14 March 2022, the decision date.

Creditors requiring further information regarding the above, should either contact me at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU or contact Shanice Austin by telephone on 020 7702 9775, or by email at Shanice.austin@resolvegroupuk.com

Dated this 23rd February 2022

Chris Farrington
Joint Administrator

Digme Covent Garden Limited – in Administration
Company Number 09752276

NOTICE OF OBJECTION TO DEEMED CONSENT

If you agree with the proposed decision, then you do not need to do anything, and can disregard this form.

Please note that if you object to the decision then you are saying that you do not approve the **Administrators' proposals**.

The following decision is sought from the creditors of Digme Covent Garden Limited by way of a Deemed Consent Procedure;

1. That the Administrators' proposals be approved

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

THIS DECISION IS OBJECTED TO BY

Name of creditor: _____

Signature of creditor: _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which
signing document: _____

Date: _____

Note: The completed form should be delivered to Chris Farrington and Simon Jagger, either by posting it to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU, or by emailing it to shanice.austin@resolvegroupuk.com, so that it is delivered by 23.59 hours on 14 March 2022 in order to be counted as an objection. It must be accompanied by proof of the debt, unless one has already been submitted. Failure to do so will lead to this objection being invalid. You are encouraged to return any forms or correspondence in respect of this matter by email to shanice.austin@resolvegroupuk.com rather than by post to ensure it is received ahead of the deadline.

Please note that unless 10% by value the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 14 March 2022, the Decision Date.

Notice of invitation to form a creditors' committee

Digme At Home Limited – in Administration
Company Number 12843885

NOTICE IS GIVEN by Chris Farrington and Simon Jagger to the creditors of Digme At Home Limited of an invitation to form a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

1. In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine, at the same time, whether a Creditors' Committee should be established.
2. A Committee may be formed if a minimum of three and a maximum of five creditors are willing to become members.
3. Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.
4. The specified date for receipts of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 14 March 2022, the Decision Date.
5. Please complete the section below, and include the name and address of any person you wish to nominate to act as a member of the Committee. The completed document should be returned to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU so that it is received by no later than 23.59 on 14 March 2022, the decision date.

Note: Further information on the rights, duties and the functions of a Committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>. If you require a hard copy of the booklet please contact ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU.

Dated this 23rd February 2022

Chris Farrington
Joint Administrator

Digme At Home Limited – in Administration
Company Number 12843885

Decision

1. That a Creditors' Committee should NOT be established.

FOR / AGAINST

I wish to nominate the following creditor to act as a member of the committee:

Name of nominated creditor _____

I wish to nominate the following creditor to act as a member of the committee:

Name of nominated creditor _____

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor: _____

Signature of creditor: _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which signing document: _____

Dated _____

Note: The completed form should be delivered to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU

Notice of invitation to form a **creditors' committee**

Digme Covent Garden Limited – in Administration
Company Number 09752276

NOTICE IS GIVEN by Chris Farrington and Simon Jagger to the creditors of Digme Covent Garden Limited of an invitation to form a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

1. In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine, at the same time, whether a Creditors' Committee should be established.
2. A Committee may be formed if a minimum of three and a maximum of five creditors are willing to become members.
3. Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.
4. The specified date for receipts of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 14 March 2022, the Decision Date.
5. Please complete the section below, and include the name and address of any person you wish to nominate to act as a member of the Committee. The completed document should be returned to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU so that it is received by no later than 23.59 on 14 March 2022, the decision date.

Note: Further information on the rights, duties and the functions of a Committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>. If you require a hard copy of the booklet please contact ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU.

Dated this 23rd February 2022

Chris Farrington
Joint Administrator

Digme Covent Garden Limited – in Administration
Company Number 09752276

Decision

1. That a Creditors' Committee should NOT be established.

FOR / AGAINST

I wish to nominate the following creditor to act as a member of the committee:

Name of nominated creditor _____

I wish to nominate the following creditor to act as a member of the committee:

Name of nominated creditor _____

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor: _____

Signature of creditor: _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which signing document: _____

Dated _____

Note: The completed form should be delivered to ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU

Proof of debt

DIGME FITNESS LIMITED - IN ADMINISTRATION	
Date of administration: 16 February 2022	
1.	Name of creditor (If a company please also give company registration number).
2.	Address of creditor for correspondence.
3.	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration.
4.	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting or decision procedure).
5.	If amount in 3 above includes outstanding un-capitalised interest please state amount. £
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).
7.	Particulars of any security held, the value of the security, and the date it was given.
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor Address of person signing (if different from 2 above)
For Administrators' Use only	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator

DIGME AT HOME LIMITED - IN ADMINISTRATION

Date of administration: 16 February 2022

1.	Name of creditor (If a company please also give company registration number).	
2.	Address of creditor for correspondence.	
3.	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration.	
4.	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting or decision procedure).	
5.	If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7.	Particulars of any security held, the value of the security, and the date it was given.	
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
9.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor Address of person signing (if different from 2 above)	

For Administrators' Use only

Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator

DIGME COVENT GARDEN LIMITED - IN ADMINISTRATION

Date of administration: 16 February 2022

1.	Name of creditor (If a company please also give company registration number).	
2.	Address of creditor for correspondence.	
3.	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration.	
4.	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting or decision procedure).	
5.	If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7.	Particulars of any security held, the value of the security, and the date it was given.	
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
9.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor Address of person signing (if different from 2 above)	
For Administrators' Use only		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Joint Administrator		Joint Administrator

Estimate of Financial Position

Digme Fitness Limited

	Book Value	Estimated to Realise
	£	£
Floating charge assets		
Cash at bank	12,526	12,526
Cash in transit	6,000	6,000
Debtors	Uncertain	Uncertain
Goodwill and other intangibles	550,000	10,000
Other debtors	295,000	Uncertain
Prepayments	120,000	10,000
Rent deposit	814,000	-
Shares in subsidiaries	-	1
Stock	32,000	5,000
Tangible fixed assets	4,436,000	25,000
Total assets subject to floating charge	6,265,526	68,527
Preferential creditors		
Employees arrears of wages and holiday pay / HMRC		(423,344)
Estimated surplus/(deficit) as regards preferential creditors		(354,817)
Estimated prescribed part of net property where applicable (carry forward)		N/A
Estimated total assets available for floating charge holders		(354,817)
Debts secured by floating charges		(2,300,000)
Estimated surplus/(deficit) of assets after floating charges		(2,654,817)
Estimated prescribed part of net property where applicable (brought down)		N/A
Unsecured claims		
Employee notice and redundancy pay		(31,886)
Trade creditors		(1,861,652)
Loan notes		(1,344,000)
Total unsecured claims		(3,237,538)
Estimated surplus/(deficit) as regards unsecured creditors		(3,237,538)
Estimated floating charge deficit		(2,654,817)
Issued and called up capital		
Ordinary shares		200,093
Share premium		9,042,331
Total shareholding		9,242,424
Estimated total (deficit)/surplus as regards members		(15,134,779)

Creditor name	£
1 Stop Wash	5,093
Alliance UK.	852
Arthur J. Gallagher	(1,345)
Asset Advantage	11,457
Astoria Fire and Security	2,851
Aurora Leasing	11,788
BERRY TELECOM LTD	445
Big Yellow	10
BLAZE FIGHTWEAR	839
Cayres Cleaning Ltd	960
CBRE LIMITED	609,927
CITY OF LONDON	22,014
City of Westminster	2,161
CleanKing	5,096
Common Sense Compliance Ltd	864
Companies House	1,500
Cowshed Products Ltd	1,667
Croner	523
Crossover AV Ltd	10,757
CUSHMAN & WAKELDFIELD (Formerly DTZ)	122,187
DATA GUARD	1,980
Ealing Council	704
Ecoserv Group	967
EDF Energy	3,488
EWA CONTROLS	456
First Mile Limited	540
FLR	16,520
FreshTwist	2,237
GENERAL BUILDING AND CLEANING	35,706
Gold Key Media Ltd	23
Grenke Leasing	1,066
Guardian Products (U.K.) Limited	626
Hawkesworth	764
Innermost	1,281
Internet Dreams Studio Ltd	180
Keiser	27,385
LOFT STUDIOS	2,041
London Borough of Camden	16,853
London Borough of Richmond	15,580
Loucas	14,849
Michael BostellMann Property	10,347
Mongoose Sports & Entertainment	11,296
Monkey Sox	4,759
Muscle Finesse Wholesale	-
OPAYO	264
OPUS energy	1,146
Orbit Care services Ltd	787
PADDY McCORMACK + CO.	1,800
PHS Group	1,089
Pinsent Masons LLP	80,963
Power Cleaning Group Limited	312
PPL PRS Ltd	116,500
Proverb 7 Ltd	1,992
Puregym	217,866
Reward Gateway (UK) Ltd	1,200
Rise	1,296
Simply Washrooms	641
Siren Training Ltd	661
SOLDO Ltd	219
Sysco Guest Supply Europe Ltd	751
Tara Barney Barney and co.	320
Technogym UK Ltd	910
The Room	1,700
Tricor	4,138
Veloforte Ltd	305
VINCENT STOKES	6,532
VOODOO	5,687
Washco	560
We Are Collective	16,680
Wholegood (Yeoh Saxton-Pizzie Ltd)	3,624
Wolverson Fitness Ltd	220
Workman	407,102
AWIN LTD	90
Blessing Olayiwola	2,015
DEA	33
DG3 LEYCOL	(1,116)
Freeths LLP	480
HRrequired.com	169
Lightspeed	552
Philip Hare & Associates LLP	1,140
Rachel Whittle Ltd	3,600
The Sussex Sign Company	131
Total	1,861,652

Digme At Home Limited

	Book Value	Estimated to Realise
	£	£
Assets		
Cash at bank	956	956
Goodwill and other intangibles	-	-
Total assets subject to floating charge	956	956
Preferential creditors		
Employees arrears of wages and holiday pay / HMRC		-
Estimated surplus/(deficit) as regards preferential creditors		956
Estimated prescribed part of net property where applicable (carry forward)		N/A
Estimated total assets available for floating charge holders		956
Debts secured by floating charges		-
Estimated surplus/(deficit) of assets after floating charges		956
Estimated prescribed part of net property where applicable (brought down)		N/A
Unsecured claims		
Trade creditors		(46,385)
Total unsecured claims		(46,385)
Estimated surplus/(deficit) as regards unsecured creditors		(45,429)
Issued and called up capital		
Ordinary shares		1
Total shareholding		1
Estimated total (deficit)/surplus as regards members		(45,430)

Creditor name	£
Aurora	36,302
KEISER	9,843
Luminet	240
Total	46,385

Digme Covent Garden Limited

	Book Value	Estimated to Realise
	£	£
Assets		
Cash at bank	186	186
Leasehold premises	1,023,722	-
Total assets subject to floating charge	1,023,908	186
Preferential creditors		
Employees arrears of wages and holiday pay / HMRC		-
Estimated surplus/(deficit) as regards preferential creditors		186
Estimated prescribed part of net property where applicable (carry forward)		N/A
Estimated total assets available for floating charge holders		186
Debts secured by floating charges		-
Estimated surplus/(deficit) of assets after floating charges		186
Estimated prescribed part of net property where applicable (brought down)		N/A
Unsecured claims		
Trade creditors		(132,497)
Total unsecured claims		(132,497)
Estimated surplus/(deficit) as regards unsecured creditors		(132,311)
Issued and called up capital		
Ordinary shares		100
Total shareholding		100
Estimated total (deficit)/surplus as regards members		(132,411)

Creditor name	£
CBRE	132,497
Total	132,497

Statement of Insolvency Practice 16

PRE-PACKAGED SALES IN ADMINISTRATION

Background

Please note that the following is a reproduction of the full background of the Company provided at Section 4 of the Proposals.

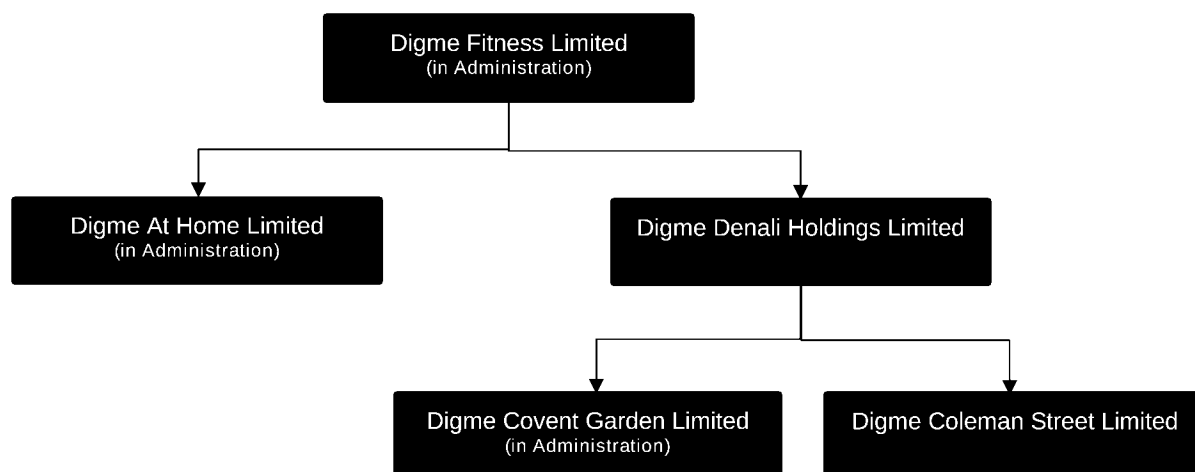
Digme Fitness Limited was initially incorporated in June 2015 to provide pay-as-you-go fitness services, including yoga, HITT and indoor spin classes, and soon expanded to offer services at six sites, including one in Oxford.

After a several years of trading, Digme Fitness Limited was profitable and in January 2020 it went on to secure an additional two leasehold sites (at Covent Garden and Coleman Street) through an acquisition of what is now known as Digme Denali Holdings Limited. This expanded the number of studios from which Digme Fitness Limited operated, from six to eight, however Digme Fitness Limited continued to operate as the principal trading company.

In order to fund the acquisition of the Covent Garden and Coleman Street sites, Digme Fitness Limited issued a £1.9m Secured Convertible Loan Note in January 2020, secured by the debenture registered at the same time. Based on the trading forecast it was envisaged this would be repaid in the summer of 2020 via a new equity raise following the anticipated launch of Digme Fitness at these new sites.

When the first national lockdown was enforced in March 2020 following the onset of the global COVID-19 pandemic, all sites were closed resulting in a cashflow shortage for the group. To generate revenue during this period the business created a new company, Digme At Home Limited, which was focussed on delivering fitness classes online via a digital fitness app. Several cutbacks in non-essential expenditure as well as redundancies were made to further reduce outgoings during the various lockdowns throughout 2020 and 2021.

An overview of the group is provided below:



Despite these efforts, the group still required further funding to meet historic liabilities and to continue to trade. Funding rounds were undertaken from April 2021 to raise the additional investment needed to support the group. However, uncertainties in the fitness sector returning to normal, caused by the delayed return to work and widespread change in people's work patterns, deterred many investors from committing funds to the business.

The table below shows the Companies' recent financial performance. Please note these are consolidated and therefore include all companies within the group:

Financial statements				Balance sheet			
Profit and loss account	Year ended 31-Dec-19	Year ended 31-Dec-20	Year ended 31-Dec-21		As at 31-Dec-19	As at 31-Dec-20	As at 31-Dec-21
All in £'000s	Financial statements	Management accounts	Management accounts	All in £'000s	Financial statements	Not available	Management accounts
Turnover	9,478	2,280	1,843	Fixed assets	4,550		4,986
Cost of sales	(3,182)	(827)	(1,020)	Current assets			
Gross profit	6,295	1,452	823	Stock	37		32
Administrative expenses	(6,646)	(2,811)	(3,599)	Debtors	484		314
EBITDA	(350)	(1,359)	(2,776)	Prepayments	577		120
				Rent deposits	-		814
				Cash	112		85
					1,209		1,365
				Current liabilities	(1,999)		(5,333)
				Non-current liabilities	(1,177)		(5,614)
				Provisions for liabilities	(169)		(473)
				Net assets	2,415		(5,069)
				Capital and reserves			
				Share capital and premium	9,242		11,432
				Profit and loss account	(6,827)		(16,501)
					2,415		(5,069)

Source: Financial statements and management information

Please note that the management accounts have not been audited.. A balance sheet was not prepared by the Companies at 31 December 2020.

Initial Introduction

Prior to the Administration, ReSolve was introduced to the Company directly by the director, Geoff Bamber. The following work has been performed by ReSolve prior to our appointment:

Under the terms of an Engagement Letter dated 7 December 2021

- Provide ad hoc restructuring advice to the Company as and when required and assist the Board in its deliberations over the Company's options;
- Advise the Company in connection with any relevant discussions and negotiations with its secured creditors, loan note holders and other key financial stakeholders as required; and
- Perform high-level analysis of the Company's creditors to assess how they might vote in a potential Company Voluntary Arrangement that sought to cram-down the Landlords whilst keeping all other landlords and other unsecured creditors whole.

Shortly following our initial engagements, it became clear that the Companies urgently required either further funding or a complete restructure as the ongoing impact of COVID-19 meant the business was largely loss making and was or was likely to become insolvent.

On 15 December 2021 ReSolve was instructed to carry out an accelerated sale ("AMA") process to seek either urgent rescue investment or a sale of the business and assets.

During this period, advice was provided by ReSolve to the Board as a whole, acting on behalf of the Companies, about the Companies' financial difficulties and options available to the Companies to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Companies on their personal financial affairs. Whilst not formally in office at that time, the officeholders were still required to act in their dealings with the Companies in accordance with the Insolvency Code of Ethics.

Ultimately the Companies were placed into Administration and Simon Jagger and I were appointed as Joint Administrators. As Administrators, we are officers of the Court and have taken over the management of the Company from the Board. The purpose of the Administration is to achieve one of the hierarchy of statutory objectives, namely to:-

- (a) rescue the Companies as a going concern; or

- (b) achieve a better result for the Companies creditors as a whole than would be likely if the Companies were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

More information about the objective I am seeking to achieve in respect of the Companies is set out below.

In order to achieve the objective, as Joint Administrators we have a wide range of powers, as set out in the insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interests of the creditors of the Companies as a whole other than where objective c) is being pursued, in which case we need only ensure that we do not unnecessarily harm the interests of the creditors of the Companies as a whole.

Pre-appointment considerations

Prior to our appointment as Administrators, we discussed with the Board the following alternative courses of action with an explanation of the potential financial outcome:

Do nothing

It was not practical for the Companies to do nothing. The trading income being generated was insufficient to support the business moving forward and action was required to avoid accruing substantial additional liabilities to creditors as a whole without any realistic prospect of the Companies' return to solvency.

Company Moratorium

This is a new procedure that has been brought into legislation in June 2020. From July to December 2020 the Company Moratorium had applied for nationally on just four occasions.

Whilst the effects of this process are yet to be widely seen in practice, its aim is to give the subject company a breathing space to restructure or refinance operations with a view to being rescued as a going concern – the directors and an insolvency practitioner (who must act as 'Monitor') would need to confirm to the court that the company is reasonably likely to do so.

As such it is not envisaged that a company using the Company Moratorium would then fall into an Administration or Liquidation.

During a Company Moratorium the company must be able to pay certain liabilities including some classes of liability that pre-date the commencement of the Moratorium. In addition, whilst the application for the Company Moratorium is an 'out of court' process, significant professional costs are likely to be incurred in preparing the necessary documents given the lack of familiarity with the requirements of the Courts at this early stage.

It was viewed that this process would be unsuitable as the Companies had limited available funds and liquidity.

Creditors' Voluntary Liquidation ("CVL")

The realisations in respect of the tangible assets would likely have been minimal, and certainly significantly reduced, had the Companies been placed straight into CVL as it is likely there would have been significant ongoing costs of storing the assets on site or else removing and storing the assets at a third party facility.

Furthermore, a CVL would have led to the cessation of the Companies' business and it is likely all staff would have been made redundant and the leases forfeited. This would have increased the level of preferential and unsecured claims.

Administration was therefore deemed to be a more appropriate insolvency process and in the best interests of creditors as a whole.

Pre-pack sale

As noted above, ReSolve's involvement pre-appointment extended to providing ad-hoc insolvency advice, the execution of an AMA process and assistance during the pre-appointment planning period.

The Board carefully considered its options and felt that the only viable solution was to place the Companies into Administration and complete a Pre-Pack Sale of the business and assets.

Consideration was given as to whether the businesses could continue to trade in Administration whilst a buyer was sought but this was not possible as all ongoing rents and business rates on the Companies' premises that would be occupied during the Administration, as well the ongoing salaries of all employees, would need to be paid in full as expenses of the Administration, which would not be affordable.

Furthermore, in the preceding eight months the Companies had approached numerous potential investors, culminating in the AMA process run by ReSolve between December 2021 to January 2022, which proved there was very little interest from external investors in the current economic climate.

As mentioned above, discussions were held with the Secured creditor regarding the provision of further financial support for the business, however this was not forthcoming and it is unlikely any funding would have been extended to the Administrators to meet ongoing trading during Administration.

By pursuing a Pre-Pack Sale, the majority of employees' jobs have been saved, and a reduction in the overall claims has been achieved through the Purchaser's commitment to honour prepayments made by customers under the new ownership and provide a continuity of trade for the suppliers and landlords.

As Joint Administrators of the Companies the Pre-Pack Sale of the business and assets enables us to achieve the statutory objective (b) as it achieves a better result for the creditors as a whole than would be likely if the Companies had been placed into Liquidation without first being in Administration, for the reasons explained above. We can also confirm that the outcome achieved through the pre-pack sale was the best available outcome for creditors of the Companies as a whole in all the circumstances of the case.

We confirm that no part of the business or its assets have been acquired from an insolvency practitioner within the previous 24 months.

Marketing of the business and assets

ReSolve was instructed by the Board in December 2021 to conduct an AMA process to identify a potential investor for the business to rescue it on a solvent basis, or if a solvent rescue was not possible, to acquire the Companies business and assets as a going concern.

On 21 December 2021, a teaser document providing a high-level overview of the investment opportunity and non-disclosure agreement were circulated to a wide selection of ReSolve's database of financial investors, venture capitalists and private equity houses known to have an interest in the distressed business sector. In total, 177 parties were contacted to make them aware of the opportunity. The opportunity was also shared to additional industry specific parties identified by ReSolve, plus the Companies' own suggested list of potentially interested and financially capable parties.

Additionally, an advert was placed on ReSolve's social media pages and on IP-Bid, a marketing platform used widely in the industry to advertise for sale the business and assets of distressed companies, connecting insolvency practitioners to prospective buyers who have specified interest in certain sectors. The advert attracted interest from a further 20 parties.

IP-Bid is the primary website and marketing tool in the UK to advertise distressed businesses, and we are satisfied that it is the most appropriate online forum to advertise such an investment opportunity to garner maximise exposure.

As a result of the above marketing activity, signed Non Disclosure Agreements ("NDAs") were received from 19 interested parties who were then provided with access to a data room containing further information on the sale, business concept and other relevant data, together with a process letter setting out in further detail the conditions required for making an offer. A deadline for the receipt of initial offers was set for 7 January 2022 and provisional target transaction date of 19 January 2022 was set.

Although there were a number of parties who expressed initial interest in exploring a potential transaction, the only offer received was in the sum of £50,000 from a "NewCo" company owned by three directors of the Company.

Satisfactory agreements were subsequently reached in respect of the four sites being retained by the Purchaser, via the Purchaser being in occupation under the terms of a LTO.

We are satisfied that marketing of the business was tested to the maximum practicable extent and that the offer received from the Purchaser provides the best outcome to the creditors in the circumstances.

Valuation of the business and assets

Prior to our appointment as Joint Administrators, commercial advice was sought from Hilco Valuation Services ("Hilco"), an independent valuation agent.

Hilco are highly experienced valuation experts, offering specialised advice on assets in distressed insolvency scenarios. Hilco confirmed separately in writing to us that they hold adequate professional indemnity insurance.

Hilco's appraisal of the tangible assets owned by Digme Fitness Limited was £17,450 on an ex-situ basis and £62,440 on an in-situ basis.

Hilco advised that although certain assets could be sold in isolation, any sale in this manner should be approached with caution, as invariably the more attractive assets "sell themselves", therefore rendering the balance less desirable and hence impacting overall value.

Whilst the value achieved for the tangible assets was in less than that of the in-situ valuation, it is likely that the costs of realising the assets via an ex-situ sale would have been significant and therefore the value achieved in the sale is comparable to this valuation.

Hilco was also engaged to consider whether there was any value in the various leases the Companies held to its trading premises. Given the challenges of the current market and the outstanding rent owed to the Companies' landlords, Hilco advised the leases were unlikely to be of any value.

The transaction

The pre-pack sale of the business and certain assets to Digme Digital Limited was completed on 16 February 2022, immediately following my appointment as Joint Administrator the same day, in the sum of £50,001.

The consideration was apportioned as follows:

	£
Business Information	3,000
Business Intellectual Property Rights, Information Technology and Source Codes	3,000
Contracts and Prepayments	10,000
Goodwill, Name, Social Media Accounts	4,000
Equipment	25,000
Stock and Work in Progress	5,000
Shares in Digme Denali Holdings Limited	1
Total	<u>50,001</u>

The sale was completed by way of cash consideration and was payable in full to Digme Fitness Limited at completion.

Digme At Home Limited and Digme Covent Garden Limited were a party to the Pre-Pack Sale in order to ensure:

- Any Intellectual Property Rights held by and the business of Digme At Home Limited, which were deemed of negligible value under these circumstances, were also transferred to the Purchaser; and
- The Administrators were able to grant an LTO to the Purchaser in respect of the Covent Garden premises, the lease to which is held by Digme Covent Garden Limited.

Under the terms of the transaction, the Purchaser will occupy certain of the Company's former premises for a short period post completion under LTOs, as summarised below:

Property	Status as at the date of these proposals	LTO Period
----------	--	------------

Moorgate	Purchaser in negotiations with the landlord to agree terms of occupation	Six months
Richmond	Purchaser in negotiations with the landlord to agree terms of occupation	Six months
Covent Garden	Purchaser in negotiations with the landlord to agree terms of occupation	Six months

The Pre-Pack Sale also included the shares in Digme Dinali Holdings Limited. This company is a non-trading holding company and its only assets are the shares it holds in Digme Covent Garden Limited (which is in Administration) and Digme Coleman Street Limited (where the only known asset was a leasehold interest in the group's fitness studio situated on Coleman Street in the City of London).

The acquisition of the shares in Digme Dinali Holdings Limited has enabled to the Purchaser to continue in occupation at the trading premises at Coleman Street, Bank without the requirement to enter into an LTO.

The Purchaser, shares common directorship, being Geoff Bamber, Caoimhe Bamber and Andrew Johnson. Therefore, this is a connected party sale for the purposes of determining whether an evaluator report is required (see further details below). A report from an independent, qualified evaluator was therefore commissioned by the Purchaser before the sale was completed, which concluded as follows:

Evaluator's Opinion

The following is an extract from the Evaluator's report:

"In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

The business was marketed and despite a number of interested parties, no bids were received. A valuation of the assets was carried out by Hilco which suggested a value of the floating assets to be £22,000 assuming they can all sites can be secured.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Historic financial information, a business plan including management accounts and a balance sheet, a summary of assets and liabilities and a written statement.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Digme Fitness Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a prepackaged sale. These are matters for the proposed administrator to determine."

Connected Party Transactions

An Administrator is unable to dispose of any property of a company to a connected party within the first eight weeks of an Administration without either the approval of creditors or ratification of the proposed transaction, provided by an independent evaluator, the costs for which are to be paid by the connected party.

One of the options available to a connected party is to consult the Pre-pack Pool Ltd ('the Pool'). There are no specific qualifications required of the Evaluator, only that the Evaluator consider they have the requisite knowledge and experience to form a professional opinion on the transaction. The structure of the Pool in its current form is constituted of experienced industry insolvency professionals, accountants, legal advisors, property experts/valuers and other professionals.

The member of the Pool, otherwise known as '*the Evaluator*', considering the application must be independent of the connected party, the company and the Administrator, and meet certain eligibility requirements. The application is to be made directly by the connected party and it is a fixed price, costing £1,500 plus VAT.

The Administrator must have no reason to believe that the Evaluator is not independent of the connected party or does not meet the eligibility requirements.

When determining the merits of each application, the Evaluator will issue one of the following two statements with their report, that they are either:

- satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances (case made); or
- not satisfied (case not made).

The report will set out the Evaluator's principal reasons for giving its statement and summarise the evidence it relied upon.

We confirm that the Purchaser consulted the Pool on 1 February 2022 and together with the application provided a viability statement, a copy is attached at Appendix IX.

An Evaluator report was issued by the Pool the following day on 2 February 2022, see copy attached at Appendix X.

The Evaluator provided a "satisfied" opinion as outlined above.

Conclusion

I confirm that the sale price achieved, and also the outcome, was the best available outcome for creditors of the Companies as a whole in all the circumstances of the case and that the pre-pack sale achieved the statutory purpose of the Administration that I am seeking to achieve in respect of the Companies.

Viability Statement

Profit and loss - summary

Online Revenue	531	680	828
Existing Site Revenue	1,316	2,547	3,143
New Site Revenue	-	170	616
Franchising	-	121	196
Revenue	1,847	3,518	4,783
Online Expenses	(419)	(533)	(646)
Site Expenses			
Existing Site Expenses	(1,440)	(1,709)	(1,843)
New Site Expenses	-	(189)	(564)
Franchising Expenses	-	(58)	(73)
Total Expenses	(1,859)	(2,489)	(3,126)
<i>% Revenue</i>	<i>101%</i>	<i>71%</i>	<i>65%</i>
Online EBITDA	113	146	182
Existing Site EBITDA	(124)	808	1,271
New Site EBITDA	-	(19)	52
Franchising	-	63	123
Total EBITDA (Ex. Corporate costs)	(11)	999	1,628
Corporate costs (Ex-Exceptionals)	(646)	(941)	(1,166)
EBITDA after Corporate costs	(658)	58	461
Exceptionals	-	-	-
EBITDA after Corporate costs Inc. Exceptionals	(658)	58	461

Evaluators Report



Pre Pack Pool Ltd
 20 Court Road, Eltham, London SE9 5NW
 Tel: 07713 680672 Fax: 0208294 0625
 E-Mail: governance@prepackpool.co.uk

Evaluators Report on proposed pre-packaged sale involving Digme Fitness Ltd and Geoff Bamber Digme Fitness Ltd, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Digme Fitness Ltd are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Digme Digital Ltd.
2. The Applicant is a connected party to Digme Fitness Ltd as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Digme Fitness Ltd.
3. The relevant property subject to the substantial disposal is stated to be:

The business, Gym equipment, fixtures, client list, Brand, goodwill and infrastructure
4. The consideration for this substantial disposal is stated to be:

£50,000
5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Digme Fitness Ltd or Digme Digital Ltd and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

The business was marketed and despite a number of interested parties, no bids were received. A valuation of the assets was carried out by Hilco which suggested a value of the floating assets to be £22,000 assuming they can all sites can be secured.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Historic financial information, a business plan including management accounts and a balance sheet , a summary of assets and liabilities and a written statement .

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Digme Fitness Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Simon Willis For and on behalf of Pre Pack Pool Ltd.

Date 02-02-2022

Pre Pack Pool Ltd Registered in England No: 9471155 VAT Registration No. 217 5236 20 Registered Office: 3 Greystones Road, Bearsted, Maidstone, Kent ME15 8P021