

Rule 1.29

The Insolvency Act 1986

Notice of Completion of  
Voluntary Arrangement**R.1.29**Pursuant to Rule 1.29 of the  
Insolvency Rules 1986

To the Registrar of Companies

For official use

Company number

01024895

Name of Company

Insert full name(s) of  
company

JJB Sports plc

Insert full name and  
address

We Brian Green  
of KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom

Richard Dixon Fleming  
KPMG LLP, 8 Salisbury Square  
London  
EC4Y 8BB

Insert date

the supervisor of a voluntary arrangement approved on 22 March 2011 enclose a copy  
of my notice to the creditors and members of the above-named company that the  
voluntary arrangement has been completed, together with a report of my receipts and  
payments

Signed



Dated

16/10/2012

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

KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom

For Official Use

Insol

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COMPANIES HOUSE



**JJB Sports plc and Blane Leisure  
Limited (both (under Company  
Voluntary Arrangements)**

**Supervisors' final report to  
creditors pursuant to Rules  
1.26A(2) and 1.29 of the  
Insolvency Rules 1986 and  
Rule 1.23(1) of the  
Insolvency (Scotland) Rules  
1986**

KPMG LLP  
16 October 2012  
BG/PC/LR



*JJB Sports plc and Blane Leisure Limited (both (under Company Voluntary Arrangements)  
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Rules 1986 and Rule 1 23(1) of the Insolvency (Scotland) Rules 1986  
KPMG LLP  
16 October 2012*

## Notice: about this report

This Report has been prepared by Brian Green and Richard Fleming as the Joint Supervisors of the Company Voluntary Arrangement of JJB Sports plc and Brian Green, Richard Fleming and Blair Nimmo as the Joint Supervisors of the Company Voluntary Arrangement of Blane Leisure Limited, solely to comply with their statutory duty to report to members and creditors under Rules 1 26A(2) and 1 29 of the Insolvency Rules 1986 and Rule 1 23(1) of the Insolvency (Scotland) Rules 1986

It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in JJB Sports plc, Blane Leisure Limited or other companies in the same group

To the fullest extent permitted by law, the Supervisors do not assume any responsibility and will not accept any liability in respect of this Report to any such person. Brian Green is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales. Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

The appointments of the Joint Supervisors are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Company Voluntary Arrangements.



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16 October 2012*

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## 1 Introduction

Brian Green and Richard Dixon Fleming were appointed Joint Supervisors of the Company Voluntary Arrangement (CVA) of JJB Sports plc ("JJB") on 22 March 2012. Brian Green, Richard Dixon Fleming and Blair Nimmo were appointed Joint Supervisors of the Company Voluntary Arrangement Blane Leisure Limited ("Blane") on 22 March 2012. JJB and Blane are together defined as the "Companies".

This report follows the annual report of the Joint Supervisors dated 8 May 2012.

## 2 Purpose of proposal

The purpose of the proposal was to restore the viability of the Companies by reducing or extinguishing certain liabilities in respect of 89 stores held by the Companies.

The directors proposed to pay full rent to the 89 compromised landlords until 24 April 2012 and a reduced rent of 50% during the compromise period.

All continuing stores continued to be paid full rent, but on a monthly basis as opposed to quarterly per the lease terms.

Other creditors continued to be paid in the normal course of business. The Directors retained full control of the affairs of the Companies.

There has been no modification to the Proposal as it originally took effect.

## 3 Termination

The Companies have experienced trading difficulties over a number of years due to being unable to differentiate themselves from their principal competitor resulting in price and margin pressure impacting on profitability. Since 2008 the Companies have sought to address these issues by restructuring their business through the disposal of non-core elements of its business and closure of underperforming stores, raising cash from existing shareholders and latterly, new lenders. This process included entering into two separate Company Voluntary Arrangements. Additional finance was provided to the Companies by Dicks Sporting Goods Inc and the Adidas Group in April 2012.

Trading remained difficult throughout the summer of 2012 due to very poor European Football Championship product sales, continued failure in the product range exacerbated by the poor Spring and Summer weather. Therefore the Companies entered into discussions with strategic partners regarding a further capital raising exercise and restructuring of its store portfolio to facilitate the turnaround of the Companies trading performance. However, the Companies were unable to raise the level of funds required to



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implement the turnaround. As a result, the directors decided to commence a formal sales process of the Companies on 30 August 2012.

As no credible offers for shares were received and the Companies' trading position continued to worsen, the directors concluded that as there was no longer a reasonable prospect of the Companies continuing to pay their debts as they fell due and therefore they had no choice other than to appoint administrators over JJB and Blane.

On 1 October 2012, Brian Green, Richard Fleming and David Costley-Wood were appointed Joint Administrators over JJB and Brian Green, David Costley-Wood and Blair Nimmo were appointed Joint Administrators over Blane. A sale of the majority of the business and assets was completed shortly after the appointments.

In accordance with Clause 34.4 of Part V of the Directors' proposal for a Company Voluntary Arrangement in respect of the Companies dated 3 March 2011, the appointment of the Joint Administrators resulted in the termination of the CVAs.

The Compromised Lease Fund was not established prior to the termination of the CVAs and therefore there will be no payment to compromised landlords in this respect.

#### **4 Receipts and payments**

Due to the nature of the terms of the CVA, as detailed above, the Supervisors have had no receipts and made no payments in respect of the CVA. A receipts and payments account is attached at Appendix 1.

#### **5 Prescribed part**

As outlined in paragraph 17.8 of the CVA, the prescribed part which arises pursuant to section 176A of the Insolvency Act 1986, is not relevant because the CVA did not involve a realisation of assets.

#### **6 Joint Supervisors' fees, time costs and expenses**

In accordance with the terms of the CVA proposal the Joint Supervisors' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the CVA. Attached as Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out for the period 22 March 2012 to 1 October 2012, as required by the Association of Business Recovery Professionals' *Statement of Insolvency Practice No. 9* together with details of expenses incurred to date.



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In the period 22 March 2012 to 1 October 2012, the Joint Supervisors incurred time costs of:

- £34,048 in respect of JJB This represents 105 hours at an average rate of £326 per hour, and
- £15,244 in respect of Blane This represents 48 hours at an average rate of £320 per hour

This includes tax and VAT advice from KPMG LLP in-house specialists

No expenses were incurred in the period

Since their appointment the Joint Supervisors have incurred a total of £141,407 time costs in respect of JJB and £53,779 time costs in respect of Blane

Since their appointment, the Supervisors have received

- A total of £72,730 in respect of their fees and expenses in relation to JJB, and
- A total of £17,000 in respect of their fees and expenses in relation to Blane

As the Companies have now gone into administration, the Joint Supervisors' unbilled time costs will be written off

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

A creditors' guide to fees can be found at

[http://www.13.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20E&W.pdf](http://www.13.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf)

However, if you are unable to access this guide and would like a copy then please contact Louise Rigby on 0161 246 4875

**Voluntary Arrangement of  
JJB Sports plc**

Statement of Affairs	From 22/03/2012 To 01/10/2012	From 22/03/2011 To 01/10/2012
	<u>NIL</u>	<u>NIL</u>
REPRESENTED BY		
		<u>NIL</u>

Note





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## 7 Conclusion

The Company Voluntary Arrangements as set out in the CVA proposal have failed and as such this is the Joint Supervisors' final report

If you have any queries concerning the final report, please contact Louise Rigby on 0161 246 4875

Yours faithfully

Brian Green  
Joint Supervisor



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## Appendix 1: Joint Supervisors' receipts and payments for 22 March 2012 to 1 October 2012