

The Insolvency Act 1986

Notice of move from administration to dissolution

Name of Company GRS Inns Limited	Company Number 03896809
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 1494 of 2010

(a) Insert name(s) and address(es) of administrator(s)

We (a) David Christian Chubb and Michael John Andrew Jervis of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) GRS Inns Limited of 12 Plumtree Court, London EC4A 4HT ('the company')

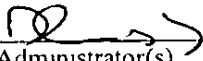
(c) Insert date of appointment

(d) Insert name of applicant / appointor

on (c) 19 February 2010 by (d) the director of the company

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed 
Joint / Administrator(s)

Dated 17/02/2011

Contact Details

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

Amy Chismon	
PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT	
	Tel 020 7212 6815
DX Number	DX Exchange

THURSDAY



LD4 *LACSWRQC* 17/02/2011 50
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



GRS Inns Limited – in Administration
High Court of Justice, Chancery Division, Companies Court
Case No. 1494 of 2010

Joint Administrators' final progress report

17 February 2011

Contents

Section	Pages	
1	Joint Administrators' final progress report	2 - 4
2	Statutory and other information	5
3	Summary of the Joint Administrators' proposals	6 - 7
4	Receipts and payments account	8
5	Analysis of the Administrators' time costs and Category 2 disbursements for the period 19 August 2010 to 31 January 2011	9 - 12

1. The Joint Administrators' final progress report

Introduction

The Joint Administrators ("the Administrators") previously reported on 14 September 2010 and are pleased to provide their final progress report on the Administration of GRS Inns Limited ("the Company") pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986 ("IR86").

The Administrators are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is shown in Section 2 to this report. As also required, a summary of the Administrators' proposals is provided at Section 3.

Details of the conduct of the Administration, assets realised and the outcome of the Administration are set out below.

Status of Company on appointment

- The Company was a subsidiary of London Town Plc ("LTP") and was one of four principal subsidiaries operating in the pub sector (together "the Group"). The Group owned or operated 441 public houses across the UK under three divisions.
- The Company operated the managed estate division, consisting of 42 pubs held under tenancy or lease agreements with other pub owners and a varying number of pubs owned by other companies within the Group.
- The Company also provided head office and management functions for the Group and was therefore intrinsically linked, operationally and financially, with the Group.
- The Company's financial difficulties arose from increasingly difficult trading conditions in the pub sector in 2008/9 and significant termination costs on a number of pub leases returned to the Company, which had previously been assigned to other operators on a reversionary basis.

- The Company was supported by the Group, which was itself reliant on its bankers and other stakeholders. However, given the Company's declining trading performance, the Group was unable to sustain the level of support required for the Company's survival.

- On 19 February 2010, David Chubb and Michael Jervis were appointed as the Administrators by the Company's director.
- As part of an overall operational and financial restructuring of the Group, David Chubb and Michael Jervis were also appointed as the Administrators of LTP.

Steps taken during the Administration

Sale of the business

Immediately following the Administrators' appointment, part of the Company's business and assets including eight pubs were sold to LT Pub Support Services Limited and LT Pub Leasing Limited (together "Newco") on a going concern basis for £250,000.

Full details of the transaction were provided as an appendix to the Administrators' initial letter to creditors dated 24 February 2010.

Under the terms of the sale, Newco was also granted an option to purchase some or all of the remaining 34 pubs, subject to the receipt of offers from other parties. In addition, the Company entered into a short term agency agreement whereby Newco agreed to manage these pubs, thus enabling them to remain open whilst an assignment of these remaining leasehold interests could be explored.

Following negotiations for the leasehold interests, Newco exercised its option to acquire 17 of the 34 pubs. The remainder were assigned to lease guarantors or surrendered to the relevant landlords.

The sale and associated transactions resulted in a better outcome for creditors than would have been achieved in a winding up (without the Company having first been in Administration) because they preserved over

1. The Joint Administrators' final progress report

150 jobs, reduced potential employee preferential and unsecured claims, mitigated landlord claims for dilapidations and rent (of approximately £1.8 million per annum) and facilitated the settlement of certain of the Company's operational trade liabilities by other Group companies, thereby reducing unsecured trade claims by circa £472,000

Other asset realisations

In addition to achieving a sale of the Company's business, the Administrators' recovered cash at bank and cash in transit as at the date of their appointment of £35,864 and £12,398 respectively. The Administrators also collected debtors and prepayments of £28,395 and insurance claims of £3,749

As a result of set-off and counterclaims, and as expected, no realisations were achieved from sundry other debtors, brewery deposits and outgoing houses account assets disclosed in the director's statement of affairs

Other matters

All post-appointment corporation tax returns have been filed and the Administrators have obtained final tax clearance from HM Revenue & Customs

The Administrators have complied with their statutory obligations under insolvency, VAT and other legislation

Final receipts and payments account

An account of the final receipts and payments for the period from 19 August 2010 to 17 February 2011 is set out in Section 4

Outcome for creditors

As previously reported, the Company has no secured creditors

The Administrators previously reported that there may be preferential claims for holiday pay in respect of staff at pubs which were surrendered to their respective landlords. A small number of claims for holiday pay have been received and these have been processed through the Redundancy Payments Office under the provisions of the Employment Rights Act 1996

Regrettably, and as anticipated, the Company has insufficient property to enable a distribution to be made to unsecured creditors

Administrators' remuneration

Since their last report, in accordance with the approval of the general body of creditors, the Administrators have drawn remuneration of £57,616 on account of their time costs for the period 1 April 2010 to 31 January 2011, together with disbursements of £1,966

Analyses of the Administrators' time costs for the period 19 February to 18 August 2010 were provided in the Administrators' proposals and previous progress report. Details of the costs incurred from 19 August 2010 to 31 January 2011 are provided in Section 5

Exit route from Administration

In accordance with the proposals approved by creditors, the Administrators have filed with the Registrar of Companies notice of move to dissolution on Form 2.35B. The Company will be dissolved three months after registration of the notice

Discharge

As resolved by creditors, the Administrators shall be discharged from liability in respect of any action of theirs as Administrators 14 days after they cease to act

1. The Joint Administrators' final progress report

Should you have any queries in respect of the above, please contact Amy Chismon on 020 7212 6815



DC Chubb
Joint administrator
GRS Inns Limited

David Chubb and Michael Jervis have been appointed as Joint Administrators of GRS Inns Limited to manage its affairs, business and property as its agents and without personal liability. David Chubb and Michael Jervis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

2. Statutory and other information

Court details for the Administration.	
Full name:	High Court of Justice, Chancery Division, Companies
Trading name:	Case number 1494 of 2010
Registered number:	GRS Inns Limited
Registered address:	GRS Inns Limited
Company directors	03896809
Company secretary:	12 Plumtree Court, London EC4A 4HT
Shareholdings held by the directors and secretary:	William Buchanan
Date of the Administration appointment	None, formally Alastair Ferguson (resigned 17/03/2010)
Administrators' names and addresses.	None
Changes in office holder.	19 February 2010
Appointor's / applicant's name and address	David Christian Chubb & Michael John Andrew Jervis of PricewaterhouseCoopers LLP, Plumtree Court, London, EC4A 4HT
Objective being pursued by the Administrators:	None
Division of the Administrators' responsibilities	The director, 12 Plumtree Court, London, EC4A 4HT
Extensions to the period of the Administration	Achieving 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)
End of the Administration	In relation to paragraph 100(2) of Schedule B1 to the Insolvency Act 1896,
Estimated dividend for unsecured creditors.	any act required or authorised to be done and all the powers and functions of the Administrators of the Company may be done by either David Christian
Estimated values of the prescribed part and the company's net property.	Chubb and/or Michael John Andrew Jervis jointly or alone
Whether and why the Administrators intended to apply to court under Section 176A(5) IA86:	None
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000):	Dissolution
	Nil
	N/A
	N/A
	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Summary of the Joint Administrators' proposals

The Administrators made the following proposals for achieving the purpose of administration

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from asset realisations in such manner as they would consider expedient in order to 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)
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Acts 1985 and 2006 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals
- iii) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and the costs of so doing will be met as a cost of the Administration as part of the Administrators' remuneration
- iv) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch B1 IA86
- v) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances -
 - (a) Once asset disposals are complete, the Administrators may apply to the Court to allow the Administrators to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Sch B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any order of the court, or
 - (b) One asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that David Chubb and Michael Jervis be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2.117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, or
 - (c) If it transpires that there are insufficient funds with which to make a distribution to unsecured non-preferential creditors, once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later or the

3. Summary of the Joint Administrators' proposals

Administrators will make an application to court under paragraph 79 Sch B1 IA86 for the Administration to be ended accompanied by a petition under Section 124 IA86 for the Company to be wound up

vi) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators 14 days after they cease to be joint administrators of the Company or in any case at a time determined by the court

vii) It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the Administrators' firm's policy as set out in Appendix C. It will be for the general body of creditors to fix the basis and level of the Administrators' fees and Category 2 disbursements

4. Receipts and payments account

	Asset Realisations			Agency Funding		
	Receipts and payments to 18 August 2010 £	Transactions since 19 August 2010 £	Total to 17 February 2011 £	Receipts and payments to 18 August 2010 £	Transactions since 19 August 2010 £	Total to 17 February 2011 £
Receipts						
Goodwill	1	-	1	-	-	-
Domain name	1	-	1	-	-	-
Transferred records	1	-	1	-	-	-
Intellectual property	1	-	1	-	-	-
Head office property	75,000	-	75,000	-	-	-
Head office equipment	4,996	-	4,996	-	-	-
Pub properties	172,160	-	172,160	-	-	-
Cash at bank	35,864	-	35,864	-	-	-
Cash in transit	-	12,398	12,398	-	-	-
Debtors/prepayments/refunds	17,272	11,123	28,395	-	-	-
Insurance claims	967	2,782	3,749	-	-	-
Interest	67	80	147	-	-	-
PAYE, NI & attachment of earnings	-	-	-	100,390	13,353	113,743
Rent	-	-	-	290,793	33,400	324,193
CHAPS fees	-	-	-	828	184	1,012
Total Receipts	306,330	26,383	332,713	392,011	46,937	438,948
Payments						
	Administration Costs (£)			Agency Costs (£)		
Administrators' fees	180,051	57,538	237,589	-	-	-
Administrators' disbursements	-	1,966	1,966	-	-	-
Legal fees	30,602	22,403	53,005	-	-	-
Agents fees	-	21,000	21,000	-	-	-
Statutory advertising	110	74	184	-	-	-
Insurance	-	18,173	18,173	-	-	-
Bank charges	-	796	796	-	-	-
PAYE, NI & attachment of earnings	-	-	-	91,618	22,125	113,743
Rent	-	-	-	289,714	34,479	324,193
CHAPS fees	-	-	-	983	29	1,012
Net VAT	36,547	(36,547)	-	-	-	-
Total Payments	247,310	85,403	332,713	382,315	56,633	438,948
Cash in hand / movement	59,020	(59,020)	-	9,696	(9,696)	-

Note

Agency funding and costs pursuant to agency agreement with Newco

5. Analysis of the Administrators' time costs and Category 2 disbursements for the period 19 August 2010 to 31 January 2011

Office holders' charging and disbursement policy

The time charged to the Administration is by reference to the time properly given by the Administrators and their staff in attending to matters arising

It is the Administrators' policy to delegate tasks in the Administration to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more responsibility are dealt with by senior staff or the Administrators themselves.

Set out below are the relevant charge out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment. Time is charged by reference to actual work carried out on the assignment. There has been no allocation of any general costs or overhead costs. In common with all professional firms, the scale rates used by the Administrators from PricewaterhouseCoopers LLP (PwC) may periodically rise (for example to cover annual inflationary cost increases).

Grade	From 1 July 2010 (£)
Partner	695
Senior Manager	470
Manager	395
Senior Associate – qualified / consultant	330
Senior Associate – unqualified	245
Associate	210
Support Staff	160

Specialist departments within the Administrators' firm such as TAX, VAT, Property and Pensions may charge a number of hours if and when the Administrators require their expert advice. Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour.

Grade	From 1 July 2010 (£)
Partner	833
Director	757
Senior Manager	706
Manager	514
Senior Associate – qualified / consultant	315
Senior Associate – unqualified	225
Associate	183

5. Analysis of the Administrators' time costs and Category 2 disbursements for the period 19 August 2010 to 31 January 2011

The key areas of work have been -

Strategy, Planning and Team Management

- Complying with internal case checks and updating case files
- Ongoing reviews of the appropriateness of overall realisation strategy
- Ongoing reviews of staffing requirements
- Dealing with team queries
- Planning for the closure of the Administration

Accounting and Treasury

- Processing of receipts, payments, journals and updating nominal ledger
- Dealing with enquiries regarding accounting matters

Creditors

- Dealing with enquiries from creditors and credit insurers
- Dealing with enquiries from suppliers / rating authorities
- Liaising with suppliers / the purchaser of the business regarding ongoing supplies of goods and / or services
- Continuing to collate and file creditor claims and maintain creditors' list

Employees

- Preparing / sending letters to redundant employees and terminated self-employed staff
- Dealing with enquiries from employees and the Redundancy Payments Office
- Processing weekly and fortnightly payrolls for the pub portfolio
- Reconciling and submitted PAYE / NIC payments to HM Revenue & Customs
- Dealing with pension compliance issues
- Dealing with Employment Tribunal correspondence

Leasehold Property

- Liaising with managing agents in relation to assignment and surrender of leases
- Preparing / sending surrender letters to landlords

5. Analysis of the Administrators' time costs and Category 2 disbursements for the period 19 August 2010 to 31 January 2011

- Liaising with lawyers to draft the required legal documents (surrender deeds, permission to transfer forms, TR1 forms)
- Continued co-ordinating / processing of weekly and monthly rent payments to landlords for non-rent free premises occupied by the Company

Realisation of Assets

- Recovery of debtors / prepayments

Statutory, Compliance & Reporting

- Dealing with general correspondence received addressed to the Administrators and the Company
- Ensuring compliance with internal risk management procedures
- Preparing and circulating the Administrators' first progress report

Insurance

- Liaising with insurance brokers regarding pubs not sold to Newco and agreeing final premiums and closure of the account

Tax / VAT

- Dealing with general tax / VAT compliance issues
- Preparing / submitting VAT returns and refund request
- Liaison with internal tax specialists regarding corporate tax compliance
- Preparation, review and submission of post-appointment tax returns and request for clearance

5. Analysis of the Administrators' time costs and Category 2 disbursements for the period 19 August 2010 to 31 January 2011

Charge-out rate summary

Classification of Work Function	Partner	Snr Man	Man	Hours				Support Staff	Total Hours	Time Cost (£)
				Snr Assoc	Assoc	Assoc	Assoc			
Strategy, Planning & Team Management	0 0	4 3	8 6	18 3	5 4	5 4	5 4	0 0	36 6	12,582
Accounting and Treasury	0 0	0 0	0 6	19 1	39 4	39 4	39 4	0 0	59 1	13,632
Creditors	0 0	0 0	0 0	5 3	21 2	21 2	21 2	0 0	26 5	6,201
Employees	0 0	0 0	7 7	33 9	5 0	5 0	5 0	0 0	46 6	13,400
Leasehold Property	0 0	2 9	11 4	25 1	20 8	20 8	20 8	0 0	60 2	18,565
Realisation of Assets	0 0	0 0	2 9	4 1	0 0	0 0	0 0	0 0	7 0	2,494
Statutory, Compliance & Reporting	0 2	4 2	13 1	11 7	27 6	27 6	27 6	0 0	56 8	16,788
Insurance	0 0	0 0	0 0	5 4	0 3	0 3	0 3	0 0	5 7	1,831
Tax/VAT	0 0	4 5	22 7	11 5	35 1	35 1	35 1	0 4	74 2	20,116
Total	0 2	15 9	67 0	134 4	154 8	154 8	154 8	0 4	372 7	105,609

Category 2 disbursements for the period 19 August 2010 to 31 January 2011

Photocopying £233 (only charged for circulars to creditors and other bulk copying)

Summary of legal and other professional firms instructed

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice	Addleshaw Goddard LLP	Knowledge of Group / Company	Time costs
Legal advice	Dundas & Wilson	Knowledge of Group / Company	Time costs
Chattel agents and valuers	Christie & Co	Industry knowledge	Fixed fee

All third party professionals are required to submit a time costs analysis and narrative or a schedule of realisations achieved in support of invoices rendered