

The Insolvency Act 1986

**Administrator's progress report**

Name of Company  Bramwell Pubs and Bars Limited	Company number  03997571
In the High Court of Justice, Chancery Division, Companies Court  (full name of court)	Court case number  7519 of 2013

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

We  
P M Saville  
Zolfo Cooper  
10 Fleet Place  
London  
EC4M 7RB

K J Coates  
Zolfo Cooper  
10 Fleet Place  
London  
EC4M 7RB


A C O'Keefe  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

administrators of the above company attach a progress report for the period

(b) Insert date

From  31 October 2013	To  30 April 2014
-----------------------------	-------------------------

Signed

  
Joint Administrator

Dated

30.5.14

**Contact Details:**

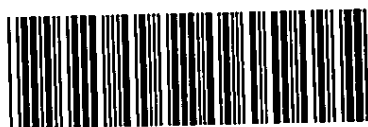
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

Kate Wrigley  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

DX Number

+44 (0) 161 838 4500  
DX Exchange



A17

\*A397RK09\*

02/06/2014

#146

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

# **Administrators' Progress Report for the period 31 October 2013 to 30 April 2014**

**Bramwell Pubs and Bars Limited  
In Administration**

**29 May 2014**

## Contents

1	Why this report has been prepared .....	1
2	Summary of information for creditors .....	2
3	Progress of the Administration.....	3
4	Investigations .....	6
5	Estimated outcome for creditors .....	7
6	What happens next.....	8

## Appendices

Statutory information.....	Appendix A
Receipts and Payments Account for the period 31 October 2013 to 30 April 2014 .....	Appendix B
Trading Receipts and Payments Account for the period 31 October 2013 to 30 April 2014. ....	Appendix C
Costs Incurred not yet paid.....	Appendix D
Time Analysis for the period 31 October 2013 to 30 April 2014 and details of time spent... ..	Appendix E
Administrators' fees and pre-appointment costs.....	Appendix F
Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9 .....	Appendix G
Exit route and discharge from liability .....	Appendix H

Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester M2 1AB

t: +44 (0) 161 838 4500 f: +44 (0) 161 838 4501

© Zolfo Cooper 2014 All rights reserved

[www.zolfocooper.com](http://www.zolfocooper.com)

## **1 Why this report has been prepared**

- 1.1 As you will be aware Peter Saville, Kevin Coates and Anne O'Keefe (the Administrators) were appointed on 31 October 2013.
- 1.2 Under UK insolvency legislation, administrators are required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 31 October 2013 to 30 April 2014 (the Period)
- 1.3 The purpose of this report is to provide statutory and financial information about the Company and to provide an update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor.
- 1.4 As a reminder the administrator of a company must perform his functions with a view to achieving one of the following statutory objectives:
  - Objective 1: rescuing the company as a going concern;
  - Objective 2: 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); or
  - Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.5 In this case the Administrators are pursuing the second statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report.
- 1.6 Details of the Administrators' fees and costs incurred are detailed at Appendices E to G.
- 1.7 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.8 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administration generally, please contact Kate Wrigley on 0161 838 4562, [creditorreports@zolfocooper.eu](mailto:creditorreports@zolfocooper.eu) or at Zolfo Cooper's office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

## 2 Summary of information for creditors

### Estimated dividend for creditors

Description	Estimated debt £	Likely return £ or p/£
Secured creditor	47,434,588	31,816,000
Preferential creditors	142,000	100 p/£
Unsecured creditors	13,158,021	1 p/£
Shareholders	101	-

### Notes:

As detailed in the Administrators' Statement of Proposals dated 13 December 2013 (the Proposals), the secured debt is cross-guaranteed by both the Company and Bramwell Pub Company Limited (Pubco). There were no assets to realise in Pubco and no distributions were made to the secured creditor.

As detailed in section 5, the estimated level of preferential claims has been reduced from that stated in the Statement of Affairs (SofA) as employees have transferred to the purchasers when pubs are sold.

The estimated debts to the unsecured creditors have been taken from the SofA. The unsecured creditors are estimated to be paid approximately £138,000, which will result in a dividend of one pence in the pound, based on claims being received in line with the SofA values. Further details are given in section 5.

Funds available for distribution and dividend rates are detailed before taking into account the estimated costs of making the distribution.

UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

The likely levels of returns are estimated and are subject to change.

### 3 Progress of the Administration

- 3.1 This report should be read in conjunction with the Proposals which provides the full background to the Administration.
- 3.2 Attached at Appendices B and C are the Administrators' Receipts and Payments Account and Trading Receipts and Payments Account for the Period. Appendix D has details of all costs incurred in the Period which have not yet been paid.

#### Administration purpose and strategy

- 3.3 As detailed within the Proposals, the Administrators are pursuing the second statutory objective, 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).
- 3.4 This objective has been achieved through sales of the Company's business and assets which would have been unobtainable in a winding up situation. As a result of the sales, a significant number of employees have transferred to the purchasers of the pubs, which has led to additional preferential and unsecured claims being avoided.

#### Pubs and trading

- 3.5 On appointment, the Company employed over 3,000 staff and had a portfolio of 183 pubs under the trading styles Wild Lime Bar & Kitchen, Smith & Jones Pubs and Varsity. 181 of the pubs were leasehold and two were freehold. Prior to appointment, four of these sites had been closed and three were sub-let to third parties.
- 3.6 Following appointment and a review of the trading performance of each site, the Administrators closed 53 pubs, some of which were traded for a short period prior to closure. Informal surrenders of the leases to the closed sites have been offered to the landlords.
- 3.7 A sale of 78 pubs was completed to Stonegate Pub Company Limited (Stonegate) on 15 November 2013 for consideration of £34 million.
- 3.8 Of the consideration received following the sale to Stonegate, £14 million was on deferred terms and was paid in May 2014. These funds will be reflected in the Receipts and Payments Account provided in Administrators' next progress report. An analysis of the consideration is below.

Asset	Paid in the Period £	Total amount £
Freehold property	3,097,716	5,266,433
Leasehold property	15,953,238	27,120,094
Intellectual property	5,882	10,000
Goodwill	1	1
Fixtures and fittings	458,796	780,000
IT equipment	2,941	5,000
Stock	481,424	818,470
Contracts	1	1
Trading records	1	1
<b>Total</b>	<b>20,000,000</b>	<b>34,000,000</b>

- 3.9 The Administrators have previously provided creditors with further information on the sale to Stonegate as required by Statement of Insolvency Practice 16. A copy of the information provided can be found on Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>).
- 3.10 Stonegate contributed funds totalling £26,000 for the trading of a number of additional pubs which it had preliminary interest in. These were not included in the sale to Stonegate and have since been sold to other purchasers.
- 3.11 The leases to a further 44 pubs (the Non-Stonegate sites) were sold to various third parties, or assigned back to the respective landlords, for premiums in excess of £3 million. Of this amount, £1.4 million has been received to date and is shown in the Receipts and Payments Account at Appendix B. The balance will be payable once all the lease assignments have been completed.
- 3.12 The purchasers of these pubs have also contributed £65,372 to legal fees, licence fees and stock count costs which were incurred by the Administrators in relation to the sales. A further £50 has been received in respect of contracts and goodwill at these sites and rights of action
- 3.13 All employees at the sold pubs have been transferred to the respective purchaser under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).
- 3.14 The Administrators are continuing to trade one pub with the assistance of LT Pub Management Plc (LTM). The Administrators are currently progressing a sale of this pub for a premium of £320,000.
- 3.15 The Trading Receipts and Payments Account at Appendix C has been prepared on a cash basis and is not a reflection of the final trading position. Based on estimated trading results provided by LTM, the Administrators are expecting an overall trading loss of approximately £0.5 million.
- 3.16 Payments of £676,400 have been made in respect of retention of title claims. These claims were from the Company's main suppliers and by making these settlements, the Administrators were able to utilise the stock within the sites at the time of appointment.
- 3.17 Although the overall trading position is loss making, the asset realisations are higher than that which would have been achieved if the sites had ceased trading on appointment.
- 3.18 Please note that the amounts shown as "Unallocated" in the Trading Receipts and Payments Account are funds which have been paid directly into the Administration bank account, but which the Administrators have yet to reconcile. These will be reallocated once further information becomes available.

### **Fixtures and fittings**

- 3.19 The Administrators have sold fixtures and fittings in some of the Non-Stonegate sites as well as the closed sites. Sums totalling £244,673 have been recovered in this regard bringing total realisations of £703,469. The Administrators expect future realisations of £200,000 to be made in respect of the remaining fixtures and fittings.
- 3.20 A further £321,204 has been received from Stonegate in respect of the deferred consideration. This is not reflected in the Receipts and Payments Account as it was received following the period covered by this report.

- 3.21 Five sites that are situated in Scotland were subject to hypothec claims in relation to unpaid rent. All claims have now been settled through the sale of fixtures and fittings, with the exception of one site which will be settled on assignment of the lease.

### **Stock**

- 3.22 The Administrators have sold stock held within the sites it traded to the respective purchasers and realisations in this regard total £967,623 to date of which £486,199 relates to Non-Stonegate sites. A further £337,048 has since been received from Stonegate in respect of the deferred consideration.
- 3.23 The stock in the remaining trading pub will also be sold when the sale is completed.

### **Debtors**

- 3.24 At the date of the Administrators' appointment, the Company's records included book debts in the sum of £644,602. The Administrators have actively pursued these debts and realisations of £413,078 have been made. Please note that only £193,974 has been received in the Period and is shown in the Receipts and Payments Account. The balance has been received in the period after this report.
- 3.25 As anticipated, the remaining debtors have applied set-off to the amounts due to the Company against amounts due to them. The remaining book debts have therefore been written off.

### **Rent account**

- 3.26 The Administrators currently hold rent collected on behalf of purchasers totalling £82,329. These sums will either be discharged to the necessary landlords as and when rent falls due, or repaid to the purchaser upon completion. This account will be nil on completion and therefore does not represent asset realisations.

### **Other**

- 3.27 A contract had been entered into with the Company and a supplier, which the supplier did not wish to continue after the appointment. The supplier has paid £50,000 to the Company for the early termination of the contract.
- 3.28 The Administrators have banked cash totalling £406,030 which was held in floats at the pubs on appointment. Bank interest of £4,167 has also been received in the Period.
- 3.29 In addition, the following refunds have been received during the Period:
- pre-appointment refunds of £65,009 in respect of trading, rent and insurance;
  - sundry receipts of £4,211;
  - £107,637 of rent deposits paid to landlords prior to the appointment; and
  - rates refunds totalling £693,134.



## **4 Investigations**

- 4.1 The Administrators have conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Administrators' investigations, there were no matters identified that required further action.

## **5 Estimated outcome for creditors**

### **Secured creditor - The Royal Bank of Scotland Plc as security agent (the Agent)**

- 5.1 The Company, together with its sole shareholder Pubco, granted a fixed and floating charge to the Agent on 27 September 2012, which is cross-guaranteed by both companies. The Company also granted to the Agent individual legal charges over specific pubs. Please note that the Administration of Pubco ceased on 23 April 2014.
- 5.2 The Agent is a security agent for the two secured funders, Apollo Management International LLP and Varde Investment Partners. At the date of appointment the two secured funders were owed £47 million (excluding interest and charges) under their security.
- 5.3 A distribution of £16.5 million has been paid to the Agent from the Company and subsequently distributed to the two secured funders. Further distributions of approximately £15.5 million are anticipated, although this is subject to finalisation of all remaining asset realisations.

### **Preferential creditors**

- 5.4 Based on current information, preferential creditors are anticipated to be in the region of £142,000. A dividend of 100 pence in the pound will be paid once the claims have been finalised.

### **Unsecured Creditors' Fund**

- 5.5 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.
- 5.6 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the Administrators estimate the value of the Company's net floating charge property to be £674,000. Arising from this, the value of the Unsecured Creditors' Fund is estimated to be £138,000.

### **Unsecured creditors**

- 5.7 The Administrators anticipate that the only funds available to unsecured creditors will be from the Unsecured Creditors' Fund noted above.
- 5.8 The SofA disclosed unsecured claims of £13.2 million. This would result in a dividend of one pence in the pound, however, the actual amount available to unsecured creditors is dependent on the level of claims received.

## **6 What happens next**

### **Creditors' rights**

- 6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Administrators during the Period are excessive.

### **Next report**

- 6.3 The Administrators believe that the lease assignments of the pubs which have been sold may not be completed prior to the automatic end of the Administration, being 31 October 2014.
- 6.4 This report has therefore been prepared for creditors in support of a request to extend the Administration by six months. In the event that the request to extend the Administration is approved, a further report will be circulated to all creditors within one month of the next six month period ended 31 October 2014, or sooner if the Administration has been finalised.

For and on behalf of  
Bramwell Pubs and Bars Limited



Anne O'Keefe  
Administrator

Encs

## Statutory information

## Appendix A

### Company Information

Company name	Bramwell Pubs and Bars Limited
Registered number	03997571
Registered office	c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester M2 1AB
Former registered office	Lunar House, Fieldhouse Lane, Globe Park, Buckinghamshire SL7 1LW
Trading address	Various
Trading names	Various
Court details	High Court of Justice, Chancery Division, Companies Court
Court reference	7519 of 2013

### Administrators' information

Name	Address	IP number	Name of authorising body
Peter Saville	Zolfo Cooper, 10 Fleet Place, London EC4M 7RB	009029	Insolvency Practitioners Association
Kevin Coates	Zolfo Cooper, 10 Fleet Place, London EC4M 7RB	009261	Insolvency Practitioners Association
Anne O'Keefe	Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

**Receipts and Payments Account for the period  
31 October 2013 to 30 April 2014**

**Appendix B**

**Statement  
of Affairs**

£		£
	<b>Fixed charge assets</b>	
	<b>Receipts</b>	
560,000	Freehold property	3,097,716
	Leasehold property	17,396,906
	Intellectual property	5,882
	Goodwill	18
	Contribution to legal costs	59,030
	Bank interest	1,700
	Hypothec - fixtures and fittings	26,042
		<u>20,587,294</u>
	<b>Payments</b>	
	Administrators' fees	500,000
	Legal fees	559,280
	Legal disbursements	5,555
	Agents'/valuers' fees	81,975
	EPC costs	35,900
	Licence fees	2,000
	Rent and insurance	156,952
	Assignment settlement	250,000
	Bank charges	80
	Security	33,952
	IT	340
		<u>(1,626,034)</u>
	<b>Distributions</b>	
	Secured creditors	16,500,000
	Hypothec claim cost	26,042
		<u>(16,526,042)</u>
	<b>Balance of fixed charge assets</b>	<u><u>2,435,218</u></u>

**Receipts and Payments Account for the period  
31 October 2013 to 30 April 2014 (continued)**

**Appendix B**

Statement of Affairs		£
		£
	<b>Floating charge assets</b>	
	<b>Receipts</b>	
	Trading records	1
	Contracts	18
	Rights of action	15
	Fixtures and fittings	703,469
	IT equipment	2,956
1,243,017	Stock	967,623
	Contribution to stock count fees	2,632
	Contributions to licence fee	3,710
644,602	Book debts	193,974
	Rent account	82,329
	Contract settlement	50,000
	Cash floats	406,030
	Bank interest	2,467
	Pre-appointment trading refunds	29,838
	Insurance refund	4,383
	Rent refunds	30,788
	Sundry receipts	4,211
	Rent deposit refund	107,637
273,843	Rates refund	693,134
	Trading profit	437,461
		<u>3,722,677</u>

**Receipts and Payments Account for the period  
31 October 2013 to 30 April 2014 (continued)**

**Appendix B**

£	£
<b>Payments</b>	
Administrators' fees	
General	208,488
Trading	391,512
Pre-appointment costs	
Zolfo Cooper LLP	77,000
Legal fees	161,888
Category 1 disbursements:	
Statutory advertising	85
Storage costs	6,607
Stationery and postage	13,249
Redirection of mail	195
Property agents' fees	202
Rates agents' fees	106,588
Agents'/valuers' fees	7,724
Employee agent's fees	3,726
Legal fees	138,683
Legal disbursements	8,253
Irrecoverable VAT	8,486
Customer deposit refunds	5,062
Removal of assets	23,032
Retention of title costs	676,400
Insurance of assets	2,120
Bank charges	596
	<u>(1,839,896)</u>
 Balance of floating charge assets	 <u>1,882,781</u>
 Total balance	 <u>4,317,996</u>
 Represented by	
Interest bearing account	4,811,991
VAT payable	(493,995)
	<u>4,317,996</u>

**Trading Receipts and Payments Account for the  
period 31 October 2013 to 30 April 2014**

**Appendix C**

	£
<b>Sales</b>	
Stonegate funding	26,000
Customer deposits	5,219
<b>Sales.</b>	
Stock	8,156,664
Machine income	261,957
Other	13,525
Unallocated	202,998
	<u>8,666,363</u>
<b>Purchases</b>	
Wet purchases	2,799,936
Food purchases	626,193
	<u>(3,426,129)</u>
<b>Other direct costs</b>	
Cleaners	118,856
Entertainment	260,223
Security	302,135
Wages and salaries	2,354,381
PAYE and national insurance	384,913
	<u>(3,420,508)</u>



**Trading Receipts and Payments Account for the  
period 31 October 2013 to 30 April 2014**

**Appendix C**

	£
<b>Trading expenditure</b>	
Rents	33,924
Rates	31,561
Utilities	265,403
Satellite television	44,459
Insurance	1,285
LTM fees	391,500
Professional fees	21,162
Lease/HP payments	4,417
Hire of equipment	4,082
Repairs and maintenance	68,322
Card machine and processing costs	79,549
Cash expenses	230,810
Employee expenses	5,239
Payroll agent's fees	56,166
Payroll licence costs	14,176
Sale team costs and disbursements	7,620
Server charges	16,288
IT	16,011
Sales system licence cost	8,825
Premises licence fees	26,571
Premises legal fees	45,462
Sundry expenses	2,265
Interest on secured creditor funding	6,892
Bank charges	277
	<b>(1,382,266)</b>
<b>Trading profit</b>	<b>437,461</b>

## Cost incurred not yet paid

## Appendix D

The analysis of the receipts and payments for the Period excludes the following costs which have been incurred but not yet paid. All costs will be paid within the period agreed with each supplier.

Cost category	Supplier	Amount not yet paid £
Rates agent	Consultium Property Limited	20,500
Employee matters	Payco ERA Limited	1,393
Insurance	Willis Limited	158,205
Agents*	Christie + Co	15,000
Solicitors*	Dentons UKEMA LLP	416,258
Managing agents	LT Pub Management Plc	23,750
Trading suppliers**	Various	741,795
<b>Total</b>		<b>1,376,901</b>

\*The Administrators are in discussions with their agents and legal advisers regarding the outstanding amounts due. The Administrators have not yet agreed payment of these amounts.

\*\*A large amount of the outstanding trading supplier payments are in relation to rates charges in the properties for the period the Administrators were in occupation. Due to the nature of the costs, LTM are reviewing that the rateable value is correct prior to payments being made.

## Time Analysis for the period 31 October 2013 to 30 April 2014 and details of time spent

## Appendix E

The secured and preferential creditors approved on 31 December 2013 that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.

Total time costs for the Period are £1,367,050. This represents 4,348 hours at an average rate of £314 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
<b>Administration and planning</b>							
Planning	4.5	0.5	20.1	25.7	50.8	12,094.60	238
Strategy and control	55.3	13.7	56.4	11.2	136.6	56,342.00	412
Statutory duties	2.4	6.0	20.2	0.4	29.0	10,011.00	345
Case administration	1.5	1.5	11.4	4.0	18.4	5,807.50	316
Accounting and treasury	5.9	5.7	31.0	34.6	77.1	19,925.50	258
Travel and waiting time		19.4	111.9	26.7	158.0	47,230.00	299
Internal documentation	0.8	1.2	64.9	89.3	156.2	33,963.00	217
<b>Investigations</b>							
Director conduct reports	0.5	1.0	7.8		9.3	2,931.50	315
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	24.0	58.6	57.5	3.7	143.8	54,982.00	382
Asset identification and valuation		55.8	5.5	7.5	68.8	26,302.00	382
Sale of assets	103.9	467.6	192.0	81.2	844.7	320,018.00	379
Recovery of assets			0.5		0.5	160.00	320
Dealing with third party assets		9.4	11.8	172.6	193.8	34,002.00	175
Asset accounting and administration		10.5	10.4	28.9	49.8	11,660.00	234
<b>Realisation of assets - debtors</b>							
Debt collection		3.9	19.4	1.6	24.9	8,050.00	323
Internal and external documentation			7.4	16.8	24.2	4,192.00	173
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	1.5	5.6	4.5	0.8	12.4	4,667.00	378
Asset identification and valuation		4.0	11.7	3.5	19.2	8,978.00	311
Sale of assets	15.8	0.6	49.1	17.2	82.7	25,849.50	313
Recovery of assets		2.0	3.5	1.0	6.5	2,158.00	332
Dealing with third party assets	0.3	6.8	145.8		152.9	48,013.50	314
Asset accounting and administration	2.5	1.0	12.8	12.5	28.8	7,304.50	254
<b>Trading</b>							
Trading strategy	17.9	70.3	182.5	10.2	280.9	97,673.00	348
Trading activities	26.6	102.4	754.5	51.8	935.3	286,653.00	306
Accounting and administration	14.7	19.3	120.9	258.9	413.8	85,784.50	207
<b>Creditors</b>							
Creditor claims				2.0	2.0	320.00	160
Internal documentation				0.4	0.4	44.00	160
Reporting to creditors	3.5	105.8	14.4	2.3	126.0	51,994.00	413
Secured creditors	0.6	52.0	9.4	2.1	64.1	26,104.50	407
Unsecured creditors		11.9	91.4	4.9	108.2	32,456.00	302
Employees	10.9	33.8	80.1	3.7	128.5	44,139.00	343
<b>Totals</b>	<b>293.1</b>	<b>1,070.3</b>	<b>2,108.8</b>	<b>879.5</b>	<b>4,347.7</b>	<b>1,367,049.60</b>	<b>314</b>

Principal areas of activity during the Period are discussed in further detail below.

**Administration and planning** - formulating and implementing the initial case strategy, complying with statutory duties and performing general administrative work, including filing and internal meetings. Case related treasury and support time is also recorded here.

**Investigations** - conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Administrators.

**Realisation of assets - fixed charge** - formulating a realisation strategy, managing the marketing process, negotiating with interested parties, reviewing offers received and finalising the sales process. Time has also been incurred complying with security and insurance requirements at the pubs.

**Time Analysis for the period 31 October 2013 to 30 April 2014 and details of time spent (continued)** **Appendix E**

Realisation of assets: floating charge - liaising with the agent in respect of the fixtures and fittings and stock, establishing the most appropriate realisation strategy and managing the sale process. Time has also been spent dealing with a number of retention of title claims.

Realisation of assets: debtors - reviewing the Company's debtors and liaising with the Company staff regarding likely realisations. Time has been charged to communicating and negotiating with debtors regarding outstanding balances and dealing with disputes.

Trading - preparing trading budgets and forecasts, liaising with suppliers and customers, managing employee issues and overseeing the ongoing trading of the business. Treasury time relating to trading receipts and payments is also recorded here.

Creditors - notifying all creditors of the appointment and preparing statutory reports. Time has also been spent dealing with employee claims and reporting to the secured creditor.

## Administrators' fees and pre-appointment costs

## Appendix F

### Administrators' fees

Approval of the Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986.

To date fees totalling £1.1 million have been drawn on account, of which £391,512 relates to the supervision of trading. Disbursements of £20,136 have also been paid.

Information in relation to the Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade is provided at Appendix G.

### Pre-administration costs

Pre-administration fees charged and expenses incurred by the Administrators are set out below. Approval for the costs was received from the secured and preferential creditors on 31 December 2013 and the costs have been paid.

Name of recipient	Brief description of services provided	Total amount approved £
Zolfo Cooper LLP	Marketing the Company and negotiation of the sale to Stonegate.	77,000
Dentons UKEMA LLP	Review of the property portfolio and sale related matters. Guidance was also provided regarding the Administration appointments	161,888

## Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

## Appendix G

### 1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors,
- professional advisors; and
- disbursements.

#### 1.1 Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by cashiers in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on this assignment by external sub-contractors.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Payco ERA Limited	Time cost	5,119
Managing the pubs	LT Pub Management Plc	Fixed price per pub per week	391,500
Rates rebate and refunds	Consultium Property Limited	Fixed percentage of rates collected	102,708
Rates rebate and refunds	Gerald Eve LLP	Fixed percentage of rates collected	3,881
Payroll agents	Petticoat Management Limited	Time cost	56,166

## **Additional information in relation to the Administrators' Appendix G fees pursuant to Statement of Insolvency Practice 9 (continued)**

### **1.2 Professional advisors**

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

<b>Name of professional advisor</b>	<b>Basis of fee arrangement</b>
Dentons UKEMA LLP (legal advice)	Hourly rate and disbursements
Willis Limited (Insurance)	Risk based premium
Christie + Co (valuation and disposal advice)	Percentage of realisations
Edward Symmons LLP (valuation and disposal advice)	Fixed fee

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

## Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9 (continued)

## Appendix G

### 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows.

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

### 2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2014 is detailed below, together with those applicable prior to that date. Time is charged by partners and case staff in units of six minutes.

Description	Rates from	Description	Rates pre
	1 April 2014		1 April 2014
	£		£
Partner 1*	595	Partner 1*	595
Partner 2*	540	Partner 2*	540
Director	520	Director	470
Associate director	440	Associate director	430
Senior associate	390	Senior associate	390
Associate	330	Associate	320
Analyst	280	Analyst	280
Junior analyst	200	Junior analyst	160
Senior treasury associate	230	Senior treasury associate	230
Treasury associate	155	Treasury associate	155
Treasury analyst	100	Treasury analyst	100
Support	84	Support	84

\*Key

Partner 1 - partners with three or more years' experience at partner level

Partner 2 - partners with fewer than three years' experience at partner level



## **Exit routes and discharge from liability**

## **Appendix H**

### **Extension**

The Administration is due to end automatically on 31 October 2014; however, it will not be possible to conclude all outstanding matters in the Administration prior to this date. The Administrators are therefore seeking the approval of the secured and preferential creditors for an extension to the Administration period of six months to 30 April 2015 in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986.

### **Creditors voluntary liquidation (CVL)**

As a dividend is available to unsecured creditors by virtue of the Unsecured Creditors' Fund, once all outstanding matters have been concluded, the Administrators will file a notice at the Registrar of Companies in order that the Administration ceases and the Company automatically moves into CVL. The Administrators will send copies of these documents to the Company and its creditors. The Administrators' appointment will end following the registration of the notice by the Registrar of Companies. In accordance with the Proposals, the Administrators will become the Liquidators of the Company.

### **Discharge from liability**

The secured and preferential creditors approved on 31 December 2013 that the Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.