

The Insolvency Act 1986

Administrator's progress reportName of Company
Yates Group LimitedCompany number
00478794In the High Court of Justice
Chancery Division
Companies CourtCourt case number
2474 of 2008

We James J Gleave, Alastair P Beveridge and Simon J Appell of

Kroll
10 Fleet Place
London
EC4M 7RB


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

from

to

27 March 2008

26 September 2008

Signed 
Joint AdministratorDated 22/10/08**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.

Jessica Geddes

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LS1 4DL

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DX Number

DX Exchange

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

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**Joint Administrators'
Progress Report**

**For the Period
27 March 2008 to 26 September 2008**

Yates Group Limited - In Administration

21 October 2008



KROLL

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1. Statutory Information

- 1 1 The registered number of Yates Group Limited (the **Company**) is 00478794
- 1 2 The Company is part of the Laurel Group of Companies (the **Group**), which is a large managed-house operator formerly comprising approximately 378 licensed trading sites. The Group traded under a number of brands, including 'Slug & Lettuce', 'Ha! Ha!', 'Yates', 'Santa Fe' and 'Litten Tree'
- 1 3 The Company is one of 15 Companies (the **Companies**) within the Group over which I was appointed Joint Administrator, together with my partners Alastair Paul Beveridge and Simon Jonathan Appell, on 27 March 2008 by the High Court of Justice, Chancery Division, Companies Court
- 1 4 The application for the appointment of an Administrator was made by the Directors of the Company
- 1 5 The Administration is being handled by Kroll's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL
- 1 6 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 2474 of 2008
- 1 7 The registered office of the Company has been changed from its former head office address at Porter Tun House, 500 Capability Green, Luton, LU1 3LS to C/o Kroll, 10 Fleet Place, London, EC4M 7RB
- 1 8 The functions of the Joint Administrators (the **Administrators**) may be exercised by either or all, acting jointly or alone

2 Progress of the Administration

- 2 1 Attached at Appendix A is my Receipts and Payments Account for the period from 27 March 2008 to 26 September 2008. We are continuing to reconcile the Administrators' trading account, and as such, it has not been included with this report since it does not reflect the current position accurately
- 2 2 In addition, you will note from the Administrators' proposals that no trading profits or losses will occur, therefore the trading account final position will be nil

- 2 3 As detailed in the Administrators' Proposals, the Group's structure comprises companies which are involved in the business of operating pubs, bars and/or restaurants (**Opco**) and companies whose business involved owning and leasing property (**Propco**)
- 2 4 Yates Propco Limited, Pumpster Property Limited, S&L Propco Limited and Pumpster Property Acquisitions Limited are the landlords of 104 of the Opco trading sites (the **Pumpster Landlords**) Opco and Propco are under common ownership, but with separate finance and security structures Propco funding is provided by a syndicate of banks in respect of which Royal Bank of Scotland plc is the arranger and facility agent (together the **Propco Banks**) The Opco business is financed by Dresdner Bank AG and Kaupthing HF (the **Opco Banks**)
- 2 5 You will recall from the Administrators' proposals that a sale of 186 of the Opco sites (the **Opco Good Sites**) was completed on 27 March 2008 The sale of the Opco Good Sites to Laurel Restaurant Company Limited, The Barley Pub Company Limited, Ha! Ha! Bar & Kitchen Limited, La Tasca Restaurants Limited, Hops Pub Company Limited, Slug & Lettuce Company Limited, Bay Restaurant Group Limited and Town and City Pub Company Limited (together **Newco**) was for £150,601,696 of which £34,445,068 was allocated to the Company In addition, contracts were exchanged on 27 March 2008 for the remaining 104 Opco sites (the **Pumpster Sites**) with Newco under a Conditional Sale Agreement (the **CSA**)
- 2 6 The completion of the CSA and receipt of the respective consideration was dependant upon the satisfaction of various conditions, which included obtaining the consent of the Pumpster Landlords and the Propco Banks It was initially intended that the sale would complete by 25 May 2008
- 2 7 Alongside the CSA, Town and City Pub Company Limited and Bay Restaurant Group Limited (the **Newco TSA Companies**) continued to trade the Pumpster Sites under a Transitional Service Agreement (the **TSA**)
- 2 8 In parallel with the TSA, the Administrators also agreed a financial support package with the Propco Banks regarding the trading of the Pumpster Sites
- 2 9 Both the Pumpster Landlords and the Propco Banks undertook the necessary due diligence in respect of the CSA, however, due to certain delays and complications, the CSA could not be completed before 25 May 2008
- 2 10 The Pumpster Sites continued to be traded after 25 May 2008 under the TSA and the Propco Banks funding agreement During this additional period it became apparent that the CSA would not complete As a result, the Administrators commenced new discussions with Newco

YATES GROUP LIMITED - IN ADMINISTRATION

2 11 Newco subsequently made an offer to acquire 89 of the 104 Pumpster Sites for a total consideration of £27,239,441. The Administrators considered that this offer represented the best achievable outcome for creditors, and also represented a higher return than was expected under the valuations prepared by Kroll Corporate Finance (KCF). This offer was therefore accepted, and the sale of 89 of the Pumpster Sites was completed on 12 August 2008.

2 12 Detailed below is a breakdown of the proceeds received by the Companies in relation to this sale.

Company	Total (£)
The Laurel Pub Company Limited	20,059,956
Yates's Wine Lodges Limited	5,964,751
Yates Group Limited	1,155,033
Forno Vivo Limited	59,701
	<u>27,239,441</u>

2 13 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a Director of the Company.

Date of Transaction	Asset Involved	Consideration Paid	Sold To	Common Directors
12 August 2008	Tenants Fixtures	£255,000	Barley Pub Company Limited Hops Pub Company Limited Slug & Lettuce Company Limited Bay Restaurant Group Limited	Suzanne Louise Baker
	Property	£900,029		Christian Keen
	Nominal value assets	£4		Timothy Payne
				Paul Symonds
				Aaron Brown
				Mark Grunnell
				Timothy Smalley
	TOTAL	<u>£1,155,033</u>		

Other Property Realisations

2 14 You will recall from the Administrators' Proposals that the Group closed 90 of its sites prior to the appointment of the Administrators (the **Closed Sites**).

2 15 The Company held interest in 49 of the 90 closed site leases. The Administrators have worked with Colliers CRE (**Colliers**) and have continued to market these sites with a view to negotiating surrenders or assignments at a premium for the benefit of the Administration.

- 2 16 The Administrators received serious interest in respect of three of these sites. All three of these assignments have now completed, realising £178,664 after Colliers' fees, solicitors' fees and payment of rent arrears.
- 2 17 No further interest has been received in respect of the remaining 46 sites in which the Company held interest, and as such no further realisations are expected. Accordingly, the Administrators have offered surrenders of the leases for these properties to the respective landlords. A summary of the progress to date provided below.

	No of sites
Assignments Completed	3
Leases Surrendered	17
Surrenders offered but not accepted	29
	<hr/> 49

Business Rates Refunds

- 2 18 The amount of £101,718 has been received in respect of overpaid Business Rates relating to a period prior to 27 March 2008.
- 2 19 The Administrators have also instructed Goodman Nash, Gerald Eve and Atis Real to review historic rates overpayments and to undertake rateable value appeals where appropriate.
- 2 20 The Administrators are presently reconciling amounts received by Yates Brothers Limited in order to identify whether any of those amounts should be payable to the Company.

Rental Income

- 2 21 The Administrators have received £105,101 from sub tenants for fully and partially sublet properties. The collected rents will be passed to the head landlords accordingly, and as such the net income resulting will be nil.

Debtor receipts

- 2 22 The sum of £250,003 has been received from litigation debtors and overpayments which have subsequently been refunded. Future receipts are likely to be minimal.

Cash at Bank and in Transit

- 2 23 The sum of £44,516 was recovered in respect of the Company's pre Administration bank account balances.

- 2 24 No further receipts are expected from this source

Other Income

- 2 25 The Administrators have received bank interest totalling £500, and an insurance refund of £208

3 Assets still to be Realised

The Pumpster Properties

- 3 1 There remain 15 Pumpster Properties (the **Unsold Sites**) which continue to be traded in Administration by the Purchasers under a TSA and funding arrangement with the Propco Banks. Newco has confirmed that they have no financial interest in acquiring these sites.
- 3 2 The Administrators are presently working with the Pumpster Landlords and Propco Banks to achieve a sale of the Unsold Sites.

4 Administrators' Remuneration

- 4 1 Creditors approved that the basis of the Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 4 2 The Administrators' time costs at 26 September 2008 are £191,265. This represents 922 hours at an average rate of £207 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. To date no fees have been drawn on account.
- 4 3 Attached as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 4 4 A description of the work performed under the main activity codes as per the provisions of SIP 9 are as follows:

Administration and Planning

The time recorded here reflects the statutory duties of the Administrator including initial notification to creditors and ongoing reporting requirements. In addition, it covers the time spent formulating the strategy of the Administration and internal meetings. Case related travel time is also recorded here.

Investigations

The time recorded here relates to the investigations into the Directors conduct and correspondence with Directors

Realisation of Assets

This reflects the time spent negotiating and dealing with the Company's assets, it records the time spent in discussions with the purchaser and Solicitors and also the insurance of assets

Trading

The time recorded under this heading comprises the reconciliation of trading receipts from the Pumpster Sites which are received into the Company's bank account

Creditors

Time recorded here has been incurred in ongoing correspondence with creditors, including written correspondence and telephone calls. It also reflects time spent in dealing with Personal Injury claimants

5 Estimated Outcome for Creditors

Secured creditors

- 5.1 As previously reported, the proceeds from the SPA were used to satisfy the secured claims of the Opco Banks due from Yates's Wine Lodges Limited, The Laurel Pub Company Limited, Laurel Pub PIKCO Limited, Laurel Pub Bidco Limited, Sapphire Property Portfolios Limited, Laurel High Street Estate Pubs Limited, Yates Bidco Limited, Laurel High Street Bars Limited, Yates Brothers Limited, Ha! Ha! Bar & Canteen Limited and the Company

Preferential creditors

- 5.2 The Administrators are not aware of any preferential creditors of the Company

Unsecured creditors

- 5.3 As the Company granted a floating charge to the Opco Banks which post-dated the Enterprise Act 2002, the Administrators are required to ring fence a proportion of the floating charge realisations for the benefit of the unsecured creditors in an Unsecured Creditors' Fund. At present, the Administrators anticipate that the value of the Unsecured Creditors' Fund remains in line with the estimate of £200,000 set out in the Administrators Proposals

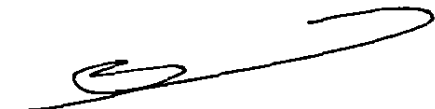
6 Ending the Administration

- 6 1 Based on present information, the Administrators believe that a dividend is only likely to be paid to the Company's unsecured creditors from the Unsecured Creditors' Fund, as defined by S176A of the Insolvency Act 1986 (the Act)
- 6 2 In order to facilitate the distribution, the Administrators will file a notice with the Registrar of Companies bringing the Administration to an end and commencing the winding up of the Company in accordance with paragraph 83 of Schedule B1 of the Act. The Administrators expect that the Company will be placed into Creditors' Voluntary Liquidation (CVL) in the early part of 2009. Following the Administrators proposals, creditors approved that the Administrators will also become the Liquidators of the CVL.
- 6 3 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Act immediately upon their appointment as Administrators ceasing to have effect.

7 Next Report

- 7 1 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

For and on behalf of
Yates Group Limited



J J Gleave
Joint Administrator

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**Receipts and Payments Account for the Period from 27 March 2008 to
26 September 2008**
Appendix A

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Rent Income		762,992 81	762,992 81
Leasehold Property	33,610,065 00	0 00	33,610,065 00
Bank Interest	502 90	0 00	502 90
Insurance Refund	208 31	0 00	208 31
Buildings - Pumpster	900,029 00	0 00	900,029 00
Furniture & Equipment	0 00	865,000 00	865,000 00
Trade Debtors	0 00	3 00	3 00
Litigation Debtors	0 00	250,000 00	250,000 00
Cash at Bank	0 00	44,516 39	44,516 39
Rent (sublet)	0 00	105,101 43	105,101 43
Business Rates Refunds	0 00	101,718 47	101,718 47
F&F - Pumpster	0 00	255,000 00	255,000 00
Furniture - Pumpster	0 00	4 00	4 00
Sundry receipts	0 00	0 10	0 10
VAT Payable	0 00	14,390 48	14,390 48
Floating Vat Control A/c	0 00	29,092 27	29,092 27
Fixed VAT Payable	27,125 00	0 00	27,125 00
	34,537,930.21	2,427,818 95	36,965,749.16
PAYMENTS			
Rents	0 00	760,847 46	760,847 46
Bank Charges	0 00	20 00	20 00
Forward of Sublet rents	0 00	28,787 50	28,787 50
Legal Fees	25,326 00	0 00	25,326 00
Agents/Valuers Fees	27,724 38	0 00	27,724 38
Due to Chargeholder	34,230,094 00	0 00	34,230,094 00
Bank Interest Gross	0 00	2 91	2 91
Rental Income Suspense Account	0 00	15,275 00	15,275 00
Agents/Valuers Fees	0 00	750 00	750 00
VAT	0 00	25 28	25 28
Rents Payable	0 00	47,751 74	47,751 74
Bank Charges	0 00	280 76	280 76
Floating Charge Creditor	0 00	1,370,007 00	1,370,007 00
VAT Receivable	0 00	19,530 51	19,530 51
Fixed VAT Receivable	4,405 98	0 00	4,405 98
	34,287,550.36	2,243,278 16	36,530,828.52
Balances in Hand	250,379.85	184,540.79	434,920.64
	34,537,930.21	2,427,818.95	36,965,749.16

YATES GROUP LIMITED - IN ADMINISTRATION

Time Analysis for the Period from 27 March 2008 to 26 September 2008

Appendix B

	Employee Grade (Hours)					(£'s)	
	<u>Partner/ Director</u>	<u>Senior Associate</u>	<u>Associate/ Analyst</u>	<u>Junior Analyst/ Support</u>	<u>Total Hours</u>	<u>Total Cost</u>	<u>Average Rate p/h</u>
Administration and Planning							
Strategy and Control	17	15	107	11	150	4,291 00	286
Creditor Reporting	30	12	259	22	323	8,738 50	271
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	10	35	26	71	1,561 50	220
Job Administration	-	25	65	333	423	6,629 50	157
Cash Accounting and Time Records	06	08	294	344	652	12,939 00	198
Travel and Waiting Time	-	-	11	24	35	597 00	171
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	04	81	01	86	2,329 00	271
Investigations							
D Reports	-	04	24	02	30	741 00	247
Other Investigations	103	-	-	-	103	5,098 50	495
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	39	45	84	1,498 50	178
Sale of Assets	-	-	148	-	148	3,552 00	240
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	30	47	-	77	2,115 00	275
Realisation of Assets - Debtors							
Debt Collection	-	-	40	121	161	2,544 50	158
Debtors Litigation	-	-	-	03	03	37 50	125
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	03	-	03	81 00	270
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	76	23	99	2,111 50	213
Sale of Assets	-	-	1261	-	1261	30,264 00	240
Insurance	-	14	-	-	14	490 00	350
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	10	283	1076	1389	20,572 00	150
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	01	-	01	27 00	270
Trading							
Initial Actions	16	25	31	08	80	2,541 50	318
Cash Accounting	13	01	11	221	246	3,735 50	152
Ongoing Trading Activities	-	-	64	179	243	3,965 50	163
Internal and External Communications	-	-	19	154	173	2,438 00	141
Creditors							
Initial Actions	-	03	2576	775	3354	71,665 00	214
Creditor claims	-	-	-	03	03	37 50	125
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	01	-	-	01	32 50	325
Employees	-	-	21	09	30	631 50	211
Employee Communications	-	-	-	-	-	-	-
Totals	18 50	16 20	549 60	338 00	922 30	191,265 00	207

**Additional Information in Relation to Administrators' Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix C

1 Policy

Detailed below is Kroll'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*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the 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. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 Professional Advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
Sidley Austin LLP (legal advice)	Hourly rate and disbursements
Denton Wilde Sapte LLP (legal advice in relation to leasehold properties only)	Hourly rate and disbursements
Blake Laphorn Tarlo Lyons (legal advice in relation to premises licenses - North England & Wales)	Hourly rate and disbursements
Bevan Brittan LLP (legal advice in relation to premises licenses - South England and Wales)	Hourly rate and disbursements
Brunton Miller (legal advice in relation to premises licenses - Scotland)	Hourly rate and disbursements
Safe Estates Limited (key safe service in relation to leasehold properties)	Fixed fee per site
Willis Limited (insurance)	Risk based premium
Gerald Eve Limited (rating appeals in relation to leasehold properties)	Contingent fee arrangement
Atis Real Weatheralls Limited (rating appeals in relation to leasehold properties)	Contingent fee arrangement
Goodman Nash Limited (rates audit work in relation to leasehold properties)	Contingent fee arrangement
Colliers CRE Limited (valuation and disposal advice)	Small fixed admin fee plus variable percentage of realisations

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. No Category 2 disbursements have been incurred to date on this case.

2 Charge-out Rates

A schedule of Kroll charge-out rates for this assignment effective from 1 January 2008 is detailed below

	(Per hour) £
Partner/Director	
Partner 1*	495
Partner 2*	445
Director	400
Senior Associate	
Senior Associate 1*	350
Senior Associate 2*	325
Associate/Analyst*	
Associate	270
Analyst*	240
Junior Analyst and Support Staff	
Junior Analyst*	125
Senior Treasury Associate	195
Treasury Associate	135
Treasury Analyst	80
Support	80
*Key	
Partner 1 – Partners with 3 or more years experience at partner level	
Partner 2 – Partners with less than 3 years experience at partner level	
Senior Associate 1 – Staff who have been Senior Associates for over 2 years	
Senior Associate 2 – Staff who have been Senior Associates for less than 2 years	
Analyst – Staff who have been Analysts for more than 1 year	
Junior Analyst – First year Analysts	