

The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company  Pontins Bingo Limited	Company number  07027498 37
In the High Court of Justice, Chancery Division, Companies Court	Court case number 10,298 of 2010

We

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

from	to
22 December 2010	21 June 2011

Signed

  
 Joint Administrator

Dated

18 July 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.

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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

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COMPANIES HOUSE



**Pontins Bingo Limited (in  
Administration)**

**Report to creditors pursuant  
to Paragraph 2.47 of the  
Insolvency (Amendment)  
Rules 2003**

KPMG LLP

18 July 2011

*This report contains 9 pages*

*Appendices contains 4 pages*

DCW/VM/LA



## About this Report

- This Report has been prepared by David Costley-Wood, Jane Moriarty and Robert Croxen, the Joint Administrators of Pontins Bingo Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. 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 Pontins Bingo Limited.
- Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.
- David Costley-Wood and Robert Croxen are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales. Jane Moriarty is authorised to act as insolvency practitioner by the Institute of Chartered Accountants in Ireland. The Joint Administrators act as agents for Pontins Bingo Limited and contract without personal liability.
- The appointments of the Joint Administrators 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 Administration.
- All figures contained within this report, unless otherwise stated, are net of VAT.



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## **1 Executive summary**

- This progress report covers the period from the appointment of the Joint Administrators on 22 December 2010 to 21 June 2011
- The Joint Administrators' Statement of Proposals was approved on 25 February 2011 pursuant to Rule 2.33 (5A) of the Insolvency Rules 1986 (as amended) and has not been modified
- The Company was incorporated on 17 November 1995 and held the bingo operating licence together with the bingo premises licenses for all of the PL Realisations 2011 Limited (formerly Pontin's Limited) ("Pontin's") parks (the "Parks"), however in practice, the cash proceeds, prizes and gambling duty were managed by Pontin's. The income was recorded in the books of the Company and a management charge levied by Pontin's
- The Joint Administrators initial strategy was to protect the bingo operating licence and the bingo premises licences in order to continue normal bingo operations with the objective being to include them as part of the sale of the overall Pontin's business
- During the period 22 December 2010 to 21 February 2011, being the date of the Joint Administrators' appointment to the end of bingo operations by Pontin's, the management fee charged by Pontin's exceeded total bingo revenue. It was therefore agreed that the bingo licence be used by Pontin's with no payment to the Company
- Full details of the Joint Administrators' Progress Report are attached, together with all the relevant statutory information which is included by way of Appendices to this report

**David Costley-Wood**  
*Joint Administrator*



## **2 Statement of proposals and meeting of creditors**

The Joint Administrators' Statement of Proposals was circulated on 14 February 2010

Pursuant to Paragraph 52 (1)(b) of Schedule B1 to the Insolvency Act 1986 a creditors' meeting was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 25 February 2011 pursuant to Rule 2.33 (5A) with the exception of any proposals in relation to the Joint Administrators' fees or discharge of liability.

## **3 Progress to date**

### **3.1 Strategy/sale of the Company's assets**

The initial strategy was to continue normal bingo operations with the objective being to include them as part of the sale of the overall Pontin's business. This was to be done by allowing the purchaser to operate using the Company's bingo licences in return for a fee. The main concern upon appointment of the Joint Administrators was therefore the protection of the bingo operating licence and the bingo premises licences.

Under the Gambling Commission guidelines the Administration does not cause the operating licence to lapse but it is deemed to be a 'key event' and must immediately be notified to the GC. The Joint Administrators appointed the licensing solicitors used prior to the Administration to assist in discussions and negotiations with the GC.

To protect the premises licences the local authorities at each of the Parks were informed of the appointment immediately and the pre-appointment licensing solicitors assisted with these notifications. The costs associated with this have been borne by Pontin's.

The discussions with the GC and the local authorities enabled the Company to maintain the licences from the date of the Joint Administrators' appointment.

Under the agreement between the Company and Pontin's, Pontin's would pass on any surplus bingo revenue to the Company after deducting a fee for managing the bingo operation.

During the period 22 December 2010 to 21 February 2011, being the date of the Joint Administrators' appointment to the end of bingo operations by Pontin's, the management fee charged by Pontin's actually exceeded total bingo revenue. It was therefore agreed that the licence could be used by Pontin's with no payment to the Company.

### **3.2 Communication**

The Joint Administrators wrote to all known creditors on 23 December 2010 advising them of their appointment.

Following this the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 14 February 2010.



A further progress report will be provided to creditors in December 2011 when it is anticipated that the Joint Administrators proposals will have been completed. If the Joint Administrators proposals have been completed the Company will be dissolved three months after the date of that report.

### **3.3 Assets**

#### **3.3.1 Licences**

As stated above it was initially anticipated that the bingo operations would be included as part of a sale of the overall business of Pontins, however following legal advice, this could not be achieved due to the following reasons:

- 1 the bingo operating licence is non transferrable, and
- 2 in order for the purchaser to operate using the Company's bingo licences in return for a fee, the Joint Administrators would be liable for any criminal sanctions arising from the purchasers' bingo trading operations.

Due to the above it was deemed that the operating licences would not be transferred or used by a purchaser and therefore had no value.

The Joint Administrators agreed however to hold the separate bingo premises licences for a two month period after the sale of the Pontins business, within which the latter would be transferred at the expense of the purchaser if a replacement operating licence has been acquired within that time frame. In return the purchaser agreed not to undertake any bingo operations until their own operating licence is in place.

The bingo premises licences have now been transferred to the purchaser and the operating licence have been surrendered by the Joint Administrators to the GC.

#### **3.3.2 Cash at bank**

At the date of appointment the Company had cash in its bank account totalling £12,525.

The Joint Administrators contacted the Bank in order to freeze the account and to request that these funds were paid to the Administrators bank account. The funds have now been received.

### **3.4 Creditors**

#### **3.4.1 Secured creditors**

The Joint Administrators instructed its Solicitors to conduct a review on both the validity of the appointment of the Joint Administrators and of the security over the Company. The review confirmed that the appointment is valid and that there is no security registered against the Company's assets.

#### **3.4.2 Preferential creditors**

At the date of the Joint Administrators appointment there were no employees and therefore there will be no preferential claims.



### 3.4.3 Unsecured creditors

In the directors' Statement of Affairs, the directors estimated that the Company had the following unsecured liabilities at the date of appointment

	Total outstanding balance
	£
HM Revenue & Customs	91,703
Other creditors	<u>27,542</u>
	<u><b>119,245</b></u>

*Source: Directors' Statement of Affairs*

It is anticipated that there will be insufficient funds available to enable a distribution to the unsecured creditors

### 3.5 Expenses for the period

#### 3.5.1 Receipts and payments

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)

#### 3.5.2 Office holders remuneration

The office holders' time costs for the period of this report are also attached (see Appendix 3). This shows that in the period to 21 June 2011 the Joint Administrators have accrued time costs of £26,655 representing 99 hours at an average hourly rate of £271. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists.

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. 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.

The basis of the fees being requested by the Joint Administrators is set out below. Approval is being sought from the unsecured creditors in relation to these resolutions -

- the Joint Administrators will be authorised to draw fees on account from the assets of Pontin's Bingo Limited from time to time during the period of Administration based on time properly spent at charge out rates that reflect the complexity of the assignment. Also, the Joint Administrators will seek approval to draw disbursements from time to time, and,
- that the costs of KPMG LLP, Pension Tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Pontin's Bingo Limited.

To determine if the quantum of the fees to be taken is reasonable, the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured



debt, in accordance with Rule 2.48A of the Insolvency Rules 1986 (as amended). This request must be made within 21 days of receipt of this report. The full text of that rule can be provided on request.

A creditors' guide to fees can be accessed at

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

If you are unable to obtain a copy from the above link please contact Lee Abbott on 0161 246 4957.

In addition, creditors are reminded that the quantum can be challenged by unsecured creditor(s) representing at least 10% by value of total unsecured claims, including that creditors claim, by making an application to court in accordance with Rule 2.109 of the Insolvency Rules 1986 (as amended). The full text of this rule can also be provided on request.

Please note that the Joint Administrators have not drawn a fee to date, however it is anticipated that the Joint Administrators will draw a fee of £13,736 in the near future should the above proposals be approved by the unsecured creditors. Any further fees will be dependent on future realisations, albeit none are anticipated.

### **3.5.3 Expenses for the period**

Trading expenses (including fees and disbursements) for this period are £26,705 (see Appendix 4 for details).

Details of the amount accrued for the office holders' remuneration is discussed above and other key amounts that require explanation are dealt with in detail below. As set out above, additional information about expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A of the Insolvency Rules 1986 (as amended) and to challenge the Joint Administrators' remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 (as amended) are explained above.

## **4 Comments on the appendices**

### **4.1 Appendix 2: Receipts & payments account for the period 22 December 2010 to 21 June 2011**

#### **4.1.1 Receipts**

Further to the receipts already discussed in section 3.3

##### **4.1.1.1 VAT Refund**

In the period a refund relating to pre-appointment VAT has been received in the sum of £1,286.



#### 4 1 2 **Payments - Cost of realisations**

##### 4 1 2 1 **Bank charges**

During the period bank charges totalling £50 have been incurred

#### 4 2 **Appendix 3: Analysis of office holders' time costs**

As can be seen in Appendix 3, the majority of time costs have been incurred in respect of the appointment of the Joint Administrators, with £5,256 being incurred for this activity

Other areas which account for a significant proportion of time costs in the period include post appointment corporation tax compliance and case reviews. These matters have incurred costs in the period of £4,577 and £4,098 respectively

A full analysis of time is attached at Appendix 3 and a summary is discussed in section 3 5 2

#### 4.3 **Appendix 4: Schedule of expenses for the period**

Expenses for this period total £26,705, of which £50 has been paid in the period. The only additional item which has been accrued in the period, but has not been paid, is office holders fees which total £26,655



## Appendix 1

### Statutory Information

<b>Appointment</b>	
For period	22 December 2010 to 21 June 2011
Company name	Pontins Bingo Limited
Nature of business	Bingo gaming
Court details	The Administration Order was made on 22 December 2010 in High Court of Justice Companies Court number 10,298 of 2010 application by Court
Date of appointment	22 December 2010
Extension obtained	Not applicable
Office holder details	David James Costley-Wood was appointed on 12 November 2010 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales Jane Bronwen Moriarty was appointed on 12 November 2010 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland Robert Andrew Croxen was appointed on 12 November 2010 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Registered number	01327498
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Basis of remuneration	Time costs to be agreed by the unsecured creditors



## Appendix 2

A copy of the period abstract receipts and payments account is attached.

Pontins Bingo Limited  
(In Administration)  
Administrators' Abstract of Receipts & Payments  
To 21/06/2011

S of A £	£	£
	ASSET REALISATIONS	
	VAT refunds (pre-app'ent)	1,286 25
12 525 00	Cash at bank	12 499 97
		13 786 22
	COST OF REALISATIONS	
	Bank charges	50 00
		(50 00)
12,525 00		13,736 22
	REPRESENTED BY	
	Floating charge current	13 736 22
		13,736 22

David James Costley-Wood  
Administrator



## Appendix 3

### Analysis of office holders' time costs for the period 22 December 2010 to 21 June 2011

Pontins Bingo Limited (in Administration)

Reporting period

22 December 2010 to 21 June 2011

SIP 9 Compliant fees worksheet

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			0.90	0.80	1.70	£345.50	£144.41
General							
Fees and WIP				1.50	1.50	£165.00	£110.00
Statutory and compliance							
Appointment and related formalities	2.00	3.50	1.20		6.70	£5,255.50	£281.04
Bonding and bordereau			0.20	0.80	1.00	£136.00	£136.00
Checklist & reviews		6.50	9.00		15.50	£4,097.50	£264.75
Closure and related formalities		1.50			1.50	£517.50	£345.00
Strategy documents	1.50	1.00			2.50	£1,550.00	£489.93
Tax							
Initial reviews (CT and VAT)		1.40	2.00		3.40	£1,075.00	£316.18
Post appointment corporation tax	5.00	1.30	11.50		17.80	£4,576.50	£257.40
Post appointment VAT		2.00	1.80		3.80	£1,091.50	£287.24
Creditors							
Creditors and claims							
General correspondence			2.95		2.95	£516.25	£175.00
Statutory reports	0.50	6.50	7.00		14.00	£3,735.00	£266.79
Employees							
Pensions reviews			2.50		2.50	£600.00	£240.00
Investigation							
Directors							
D form drafting and submission		4.60	7.00		11.60	£2,112.00	£277.89
Statement of affairs	0.20				0.20	£107.00	£535.00
Realisation of assets							
Asset Realisation							
Cash and investments			5.50		5.50	£612.50	£175.00
Other assets	0.20		2.00		2.20	£457.00	£207.73
<b>Total in period</b>					<b>98.50</b>	<b>£26,654.75</b>	<b>£270.61</b>
Pre appointment time					2.00	£850.00	£425.00
		<b>Fees drawn</b>				<b>Hours/Costs to date</b>	
	B1		0.00		0.00	£0.00	£0.00
	In the period		0.00		98.50	£26,654.75	£270.61
	C1		0.00		98.50	£26,654.75	£270.61

#### Notes

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. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

### Chargeable rates from 1 October 2010

Grade	Rate per hour
Partner	£535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110



## Appendix 4

### Schedule of expenses for the period – Period 22 December 2010 to 21 June 2011

Appendix 4				
Schedule of expenses	Prior period expenses not disclosed	Paid	Accrued	Total for period
	£	£	£	£
<b>Cost of Realisations</b>				
Office holders' fees	-	-	26,654.75	26,654.75
Office holders' expenses	-	-	-	-
Bank Charges	-	50.00	-	50.00
				26,704.75

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 3.5.2

As highlighted in section 3.5.2 the basis of the Joint Administrators' fees has not yet been approved