

The Insolvency Act 1986

**Statement of administrators'
proposals**

Name of Company Ha' Ha' Bar & Canteen Limited	Company number 03338454
In the High Court of Justice, Chancery Division Companies Court	Court case number 2477 of 2008


We (a) Alastair Paul Beveridge, Simon Jonathan Appell and James John Gleave

Of Kroll Limited
10 Fleet Place
London
EC4M 7RB

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 21 May 2008

Signed 
Joint Administrator

Dated 21 May 2008

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	
Kroll, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL	
	Tel 0113 386 0850
DX Number	DX Exchange



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22/05/2008
COMPANIES HOUSE
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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 DX 33050 Cardiff

THURSDAY

KROLL

21 May 2008

Our ref APB/PAR/HA01ADL/ADM402A/2203
Your ref

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TO ALL KNOWN CREDITORS

**Corporate Advisory
& Restructuring**

When telephoning please ask for
Jessica Geddes

Direct Line
0113 386 0850

Dear Sirs

Ha! Ha! Bar & Canteen Limited – In Administration (the Company)

I wrote to all creditors on 2 April 2008 to explain that my partners, Simon J Appell and James J Gleave and I were appointed as Joint Administrators of the Company on 27 March 2008

In accordance with statutory requirements, I now enclose with this letter the Joint Administrators' Report and Statement of Proposals, which includes information on the background to the Administration and the actions that have been taken since our appointment

The purpose of an Administration is to achieve one of the following objectives

- (a) Rescuing the Company as a going concern, or
- (b) 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
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors

The second objective is being pursued in this case, for the reasons set out in the attached report

The Joint Administrators think that the Company has insufficient property to enable them to make a distribution to its unsecured creditors. As a result and in accordance with Section 52 (1) (b) of Schedule B1 of the Insolvency Act 1986, the Administrators are not required to convene an initial meeting of the Company's creditors

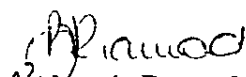
Creditors whose debts amount to at least 10% of the total debts of the Company may however request a meeting. Any requests for an initial creditors meeting must be made in writing to my office by 2 June 2008 and must include details of the purpose of the proposed meeting

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If you have any queries in relation to the contents of this letter or what is being proposed, please contact Jessica Geddes of this office on 0113 386 0850

Yours faithfully
For and on behalf of
Ha' Ha' Bar & Canteen Limited


Alastair Beveridge
Joint Administrator

Enc

The affairs, business and property of the Company are being managed by the Joint Administrators
The Joint Administrators act as agents of the Company and without personal liability

Ha! Ha! Bar & Canteen Limited- In Administration
CREDITOR'S STATEMENT OF CLAIM

Name and address of creditor

Amount claimed in the Administration

(Including VAT)

£ _____

Signature of creditor

Name of creditor

Telephone

Fax

E-mail

Date

_____/_____/_____

Please provide appropriate documentation in support of your claim
If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to Jessica Geddes at Kroll Limited, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

ADM404A

Joint Administrators' Report and Statement of Proposals

Ha! Ha! Bar & Canteen Limited - In Administration

21 May 2008



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1 Statutory Information

- 1 1 The registered number of Ha! Ha! Bar & Canteen Limited (the **Company**) is 03338454
- 1 2 The Company is part of the Laurel Group of Companies (the **Group**) The Group is a large managed-house operator which comprised approximately 378 licensed trading sites under multiple 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 which were placed into administration on 27 March 2008
- 1 4 The registered office of the Company has been changed from Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS to c/o Kroll, 10 Fleet Place, London, EC4M 7RB
- 1 5 Details of the Company's directors and secretary are as follows

	Date appointed	Date resigned	Shares held
Directors			
Suzanne Baker	6 September 2006	N/A	Nil
Aaron Brown	20 May 2005	N/A	Nil
Mark Grunnell	22 November 2007	N/A	Nil
Christian Keen	29 November 2006	N/A	Nil
Ian Payne	26 January 2006	N/A	Nil
Timothy Smalley	20 May 2005	N/A	Nil
Paul Symonds	6 September 2006	N/A	Nil
Secretary			
Eversecretary Limited	12 September 2005	N/A	Nil

2 Background to the Administrations

- 2 1 In order to understand the financial position of the Company, we have set out below a brief summary of Laurel Pub Bidco Limited's financial position and how this in turn impacts the Company
- 2 2 The Group 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**) Yates Propco Limited, Pumpster Property Limited, S&L Propco Limited and Pumpster Property Acquisitions Limited (together the **Pumpster Landlords**) are

the landlords of 104 of Opco's trading sites (the **Pumpster Sites**) The remaining sites (the **Opco Sites**) have third party landlords Opco and Propco are under common ownership but with separate finance and security structures, with Propco's funding 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 Bank HF (the **Opco Banks**) as described in paragraph 2.4 below

- 2.3 The high street licensed trade has been adversely impaired by a number of factors including, an over saturated market, the smoking ban, availability of discounted alcohol from supermarkets, rising costs and the economic downturn, all of which, have impacted trading and reduced the liquidity of the Companies
- 2.4 Term loans of approximately £165.5m together with revolving credit facilities of £20m were due for repayment on 31 March 2008 (the **Opco Facilities**) Laurel Pub Bidco Limited is the Borrower under the Opco Facilities Guarantees were given by the Company, Laurel Pub PIKCO Limited, Laurel Pub Bidco Limited, Sapphire Property Portfolios Limited, the Laurel Pub Company Limited, Laurel High Street Estate Pubs Limited, Yates Bidco Limited, Laurel High Street Bars Limited, Yates Group Limited, Yates's Wine Lodges and Yates Brothers Limited (together the **Opco Bank Guarantee Companies**)
- 2.5 Laurel Pub Bidco Limited had insufficient funds to meet the repayment obligations under the Opco Facilities (which as noted above, were guaranteed by the Opco Bank Guarantee Companies including the Company) on 31 March 2008 (the **Repayment Date**) and was not in a position to raise new financing by the Repayment Date, and was therefore insolvent
- 2.6 Colliers CRE had marketed 90 Opco Sites for almost a year, but there was no meaningful expression of interest from potential purchasers (see paragraph 3.22 below)
- 2.7 In view of the Company's pending financial obligations, Kroll was engaged on 7 February 2008 to assist with contingency planning for the Opco business
- 2.8 The administration procedure under the Insolvency Act 1986 as amended (the **Insolvency Act**) is a rescue orientated procedure designed to facilitate, where appropriate, the rescue of the insolvent company and/or a better result for creditors as a whole During the administration process, no legal process may be instituted against the company in administration and/or its property without the consent of its administrators or permission of the court The intention is to give the company a "breathing space" so that it can attempt to stabilise the business whilst efforts are undertaken to assess viability and, where appropriate, restructure both its operations and financial obligations With this in mind the directors of the Companies explored the possibility of pre-packaged administrations (in other

words, a sale of the business and assets of the Companies immediately following the Administrators' appointment)

- 2 9 The board of directors of each of the Companies met on 20 March 2008 to discuss the financial position of each of the Companies. It was agreed that the Company was, or was likely to become cash flow insolvent on 25 March 2008, when
- the rent for the next quarter would fall due for payment,
 - all outstanding sums due to the Opco Banks under the Opco Facilities (which were guaranteed by (amongst others) the Company – see paragraph 2 4 above) would fall due for payment, and
 - further payments would fall due to key suppliers
- 2 10 Having regard to the above factors and following the advice of its lawyers, the Company was placed into administration on 27 March 2008 and Alastair Paul Beveridge, Simon Jonathan Appell and James John Gleave, licensed insolvency practitioners, were appointed Joint Administrators of the Company by the Directors pursuant to Paragraph 22(1) of Schedule B1 of the Insolvency Act (the **Administrators**)
- 2 11 Each of the Administrators are licensed by the Institute of Chartered Accountants in England & Wales
- 2 12 The appointment of the Administrators became effective on 27 March 2008 (the **Appointment Date**) when notice of the Administrators' appointment was filed at the High Court of Justice, Chancery Division, Companies Court (under case number 2469 of 2008)
- 2 13 The proceedings are "main proceedings" as defined by Article 3 of the EC Regulation on Insolvency Proceedings 2000 (the **Regulation**). The directors of the Company have confirmed that the Company's Centre of Main Interests as defined in the Regulation is in the United Kingdom
- 2 14 The Administrators act jointly and severally, so that all functions may be exercised by any one of the Administrators
- 2 15 The Administrators must perform their functions with the objective of
- (a) rescuing the Company as a going concern, or
 - (b) 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
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors

The Administrators must perform their functions with the objective of rescuing the Company as a going concern unless they believe that it is not reasonably practicable to achieve that objective or that the objective in 2 15(b) would achieve a better result for the Company's creditors as a whole. The Administrators may perform their functions with the objective specified in 2 15(c) if they believe that it is not reasonably practicable to achieve either of the other objectives and this does not unnecessarily harm the interests of the creditors of the Company as a whole.

Further information on the pursuance of the above objectives is detailed in the next section.

3 Administration Strategy and Objectives

3 1 Survival of the Companies through Company Voluntary Arrangements (CVA) or Schemes of Arrangement under Section 425 of the Companies Act 1985, was not a viable option since there was little or no funding available within the Group and there were no investors willing to inject sufficient new funds into the business on appropriate terms in the time available.

3 2 With the cooperation of the directors of the Companies, the Opco Banks and the Propco Banks, the Administrators agreed a sale of the business and assets of the Companies as going concerns to Laurel Restaurant Company Limited, The Barley Pub Company Limited, Ha! Ha! Bar & Kitchen Limited and La Tasca Restaurants Limited, Hops Pub Company Limited, Slug and Lettuce Company Limited, Bay Restaurant Group Limited and Town and City Pub Company Limited (together **Newco**), which the Administrators believed (on the terms agreed) to be the best way of achieving a better result for the Company's creditors as a whole than would be likely if the sale was delayed and/or the Company were wound up.

Valuation of the Businesses

3 3 A detailed valuation of the businesses was undertaken by Kroll Corporate Finance (**KCF**). In addition, Grant Thornton was engaged by the directors of the Companies to review the KCF valuation and provide an external validation.

3 4 The KCF valuation assigned a mid range value to the combination of the Opco and Pumpster Sites, a further value was assigned to a combination of the Opco and 71 of the best performing Pumpster sites, these values were both below the offer received from Newco.

3 5 Having considered the potential buyer market and concluded that it was very unlikely that the businesses operated by the Companies (including the Company) could be sold as a whole, and having regard to the expense (including the likely adverse impact on the business of

continuing to trade in administration) of a potentially lengthy and costly marketing campaign, the Administrators concluded that an immediate sale was the appropriate way forward

- 3 6 The Administrators were also aware that the likelihood of administration of all or part of the Group was reported in the Times newspaper on 19 February and 18 March several weeks before the Appointment Date but despite various queries received by the directors from certain third parties, no offers to acquire all or part of the businesses on terms comparable to or better than those offered by Newco were received
- 3 7 Newco's offer of £150,601,696 for the 186 of the Opco Sites (the **Opco Good Sites**) under the SPA (defined below) (and the sum £6,651,250 payable in respect of the Company's assets) was in excess of the KCF valuation. In light of the above, the Administrators were satisfied that the offer from Newco for the business and assets of the Companies (including the Company) was the best deal available and represented the best achievable outcome for the Company's creditors
- 3 8 Details of the sale are set out below, but in broad terms, it was agreed that there would be two Sale and Purchase Agreements entered into on the Appointment Date. Under one agreement (the **SPA**) the respective businesses of operating and managing pubs, bars and restaurants at the Opco Good Sites (the **Opco Business**) together with certain assets (detailed below) relating to the Opco Business, were sold to Newco. Under the terms of a conditional sale agreement (the **CSA**) the business relating to the Pumpster Sites (the **Pumpster Business**) together with certain assets relating to the Pumpster Business, were sold to Newco (other than Town and City Pub Company Limited) subject to certain conditions being met by 25 May 2008 (the **Final Date**)
- 3 9 The Administrators also agreed a financial support package with the Propco Banks and the Pumpster Landlords relating to the trading of the Pumpster Business up to the Final Date

The Sale and Purchase Agreement

- 3 10 The SPA completed on the Appointment Date. Under the Transfer of Undertakings (Protection of Employment) Regulations 2006, the jobs of all of the employees of the Opco Business were preserved and the employees' contracts transferred to Newco upon completion
- 3 11 The Administrators are currently helping Newco to facilitate lease assignments for the 185 Opco Good Sites sold

SPA Consideration

- 3 12 The consideration paid by Newco under the SPA was £150,601,696. Additional consideration up to £30,328,304 may be payable if the CSA does not become unconditional. Any additional consideration received will be allocated pro rata between the Companies listed in the table below. As part of the consideration Newco agreed to assume certain liabilities of the Companies directly attributable to the Opco Business and the Pumpster Business in existence on the Appointment Date. The assets acquired include:

- The Opco Good Sites (185 leasehold properties and 1 freehold property)
- Goodwill
- Intellectual property
- Inter-Company debtors
- Trade debtors (relating to supply rebates)
- Furniture and equipment
- Stock

Allocation of Newco's purchase consideration to the Companies under the SPA

- 3 13 Detailed below is the split of the proceeds of £150,601,696 received by certain of the Companies under the SPA:

	Total £
The Laurel Pub Company Limited	101,888,270
Yates's Wine Lodges Limited	2,585,413
Yates Group Limited	34,445,068
Ha! Ha! Bar and Canteen Limited	6,651,250
Santa Fe Limited	5,031,695
	<u>150,601,696</u>

Allocation of Newco's purchase consideration to the Company under the SPA

- 3 14 Detailed below is the split of the total proceeds of £6,651,250 received by the Company under the SPA:
- 3 15 In accordance with Statement of Insolvency Practice No 13 (**SIP13**), please also be advised the following directors of the Company are also each a director of Newco:

HA' HA' BAR & CANTEEN LIMITED - IN ADMINISTRATION

Date of Transaction	Asset Involved	Consideration Paid	Newco Director	Relationship with the Company
27 March 2008	Trade Debtors	47,002	Suzanne Baker Christian Keen Timothy Payne Paul Symonds	Director
	Goodwill	5,237,176		Director
	Stock	299,340		Director
	Leasehold properties (subject to Pre-emption Rights)	1,067,732		Director
				Director
	TOTAL	6,651,250		

Newco and the Administrators acting on behalf of the Company were independently advised by Denton Wilde Sapte LLP (DWS) and Sidley Austin LLP (Sidley) respectively, during the sales process

The Conditional Sale Agreement

- 3 16 The CSA was also executed on the Appointment Date but the sale remains subject to certain conditions being satisfied including obtaining the consent of the Pumpster Landlords and Propco Banks (both of which stipulated that they needed to undertake further due diligence before deciding whether to consent to the sale) Under the CSA the parties have until the Final Date to satisfy such conditions The Company is not party to the CSA
- 3 17 Up to the Final Date the Pumpster Business is being traded in administration All employees of the Pumpster Business have been retained pending completion/termination of the CSA On the Appointment Date the Company entered into a Transitional Service Agreement (the **TSA**) between the Administrators, the Companies (though see paragraph 3 21 below) and Town and City Pub Company Limited and Bay Restaurant Group Limited (the **Newco TSA Companies**) pursuant to which the Newco TSA Companies are providing certain services to the Companies in respect of the Pumpster Business
- 3 18 If the Pumpster Landlords give their consent to the sale and the other conditions to the CSA are satisfied by the Final Date, the Pumpster Sites will be transferred to Newco on the Final Date (or earlier if the conditions are satisfied before hand) under the CSA If not, the Pumpster Sites will remain under the control of the Administrators and the Pumpster Business (or part of it, as the Administrators deem appropriate) may continue to be traded in the short term with the benefit of the services provided under the TSA
- 3 19 In the event the sale is not completed by the Final Date, the Administrators will assess the options and determine an appropriate strategy for the Pumpster Sites An external marketing strategy for these Pumpster Sites may be required in such circumstances

- 3 20 Along with the other Companies the Company is a party to the TSA. However, given that it is now clear that the Company has no interest in any of the Pumpster Sites managed pursuant to the TSA, the Administrators propose to enter into a supplemental agreement to the TSA, removing the Company as a party and releasing it from all liabilities under the TSA.

CSA Consideration

- 3 21 Detailed below is the split of the proposed proceeds to be received from Newco upon completion of the CSA, and the allocation of this to certain of the Companies as appropriate.

	Total £
The Laurel Pub Company Limited	22,322,185
Yates's Wine Lodges Limited	770,410
Yates Group Limited	7,235,709
	<u>30,328,304</u>

Pre-Administration closure of sites

- 3 22 In addition to the Opco Good Sites and Pumpster Sites, Colliers CRE had previously marketed 90 Opco Sites (**Closed Sites**), many for almost a year, prior to the Administrators' appointment. As there had been no meaningful expression of interest from potential purchasers during such period and the Closed Sites were trading at a loss, these 90 sites were closed prior to the Administrators' appointment.
- 3 23 The Administrators are currently attempting to negotiate lease assignments / surrenders for premiums, where possible, for the Closed Sites. All stock and equipment was removed by the relevant companies which owned the stock and equipment prior to the Appointment Date and the consideration includes payment for these assets. In addition, the employees of the Closed Sites were made redundant and it is understood that these employees have received full contractual redundancy payments prior to the Administrators' appointment.

4 Administrators' Receipts and Payments

- 4 1 A summary of receipts and payments for the Administration period for the Company, from the Appointment Date to 30 April 2008 is attached as Appendix A.
- 4 2 £6,304,908 realised for Goodwill (subject to Pre Emption Rights) has been distributed to the Opco Banks under their fixed charges.
- 4 3 £346,342 realised for stock and trade debtors has been distributed to the Opco Banks under their floating charges.

5 Financial Position

5 1 Attached as Appendix B is a summary of the Directors' Estimated Statement of Affairs of the Company as at the Appointment Date (the **Statement of Affairs**)

5 2 We have the following observation to make in relation to the Statement of Affairs

(a) Inter-Company book debts of £47,501,214 are listed. The Administrators will pursue these Inter-Company book debts, and anticipate recovery of a proportion of these debts (although it is unknown at this stage what the level of recoveries will be)

(b) The £10,377 cash at bank stated is £118,400.38 less than that realised per the receipts and payments account. This is due to timing differences allowing for cash lodgements, cheques, and credit card receipts relating to pre administration sales received since the Appointment Date

6 Proposals

The Administrators propose the following

6 1 The proposals listed below be deemed approved in accordance with Rule 2.33(5) of the Insolvency Rules 1986 (the **Rules**) (see paragraph 11.1 below)

6 2 The Administrators continue to manage the affairs of the Company to try to achieve the objective of the administration

6 3 The Administrators try to negotiate the removal of the Company as a party to the TSA on the basis that the Company is released from all liability under the TSA

6 4 If, having realised the remaining assets of the Company, the Administrators believe that a distribution will be available to unsecured creditors, they will file a notice with the Registrar of Companies under Paragraph 83 of Schedule B1 of the Insolvency Act. This will bring the appointment of the Administrators to an end and place the Company into a Creditors' Voluntary Liquidation (**CVL**), which will facilitate a distribution to unsecured creditors. In these circumstances, the Administrators will become the liquidators of the CVL. See Section 7 below on **Exit Routes** for further information on this process

6 5 If the Administrators believe that the Company has no property which might permit a distribution to its unsecured creditors, the Administrators will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process

- 6 6 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act as they consider desirable or expedient to achieve the statutory purpose of the administration
- 6 7 The remuneration of the Administrators shall be fixed by reference to time properly spent by them and their staff in managing the administration
- 6 8 The Administrators' remuneration be fixed by the approval of each secured creditor of the Company (i.e. the Opco Banks) whether or not such remuneration is to be discharged from the Costs Fund (defined below in paragraph 8 4) If necessary, the Administrators will make an application to court to have their remuneration fixed
- 6 9 The Administrators shall be authorised to draw remuneration as and when funds are available on account of their time costs
- 6 10 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act immediately upon their appointment as Administrators ceasing to have effect

7 Explanation of Exit Routes

Creditors Voluntary Liquidation

- 7 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 (defined below at paragraph 9 5) As noted above (at paragraph 6 4), if this is the case, it is proposed that 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 Insolvency Act It is proposed that the Administrators will also become the liquidators of the CVL
- 7 2 Creditors have the right to nominate an alternative liquidator of their choice in accordance with Paragraph 83(7) of Schedule B1 of the Insolvency Act and with Rule 2 117(3) To do this, creditors must make their nomination in writing to the Administrators after receipt of these proposals and prior to the proposals being approved Where this occurs, the Administrators will advise and provide creditors with the opportunity to vote on the appointment of a liquidator In the absence of a nomination, the Administrators will automatically become the liquidators of the subsequent CVL

Dissolution of the Company

- 7 3 If the Administrators believe that the Company has no property which might permit a distribution to its creditors, they propose filing a notice together with their final progress report at Court and with the Registrar of Companies for the dissolution of the Company in accordance with Paragraph 83 of Schedule B1 of the Insolvency Act (the **Administration Notice**). Copies of these documents will be sent to the Company and its creditors at the appropriate time. If you object to the dissolution of the Company you may make an application to court in accordance with Paragraph 84(7) of Schedule B1 of the Insolvency Act. The appointment will end following the registration of the Administration Notice by the Registrar of Companies. Unless otherwise ordered by the Court, at the end of the period of three months beginning with the date of registration of the Administration Notice, the Company will be deemed to be dissolved.

8 Administrators' Remuneration

- 8 1 The Administrators' time costs at 30 April 2008 are £8,215.50. This represents 32.8 hours at an average rate of £250 per hour. A copy of "A Creditors' Guide to Administrators' fees" can be downloaded from the Insolvency Practitioners Association Website (www.insolvency-practitioners.org.uk – select "Technical" "Creditors Guides to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please contact us and we will forward a copy to you. Also attached at Appendix C is a Time Analysis which provides details of the activity costs broken down by reference to staff grade to the above date. We propose drawing fees in accordance with the proposals outlined above.
- 8 2 The Administrators believe that the Company has insufficient property to enable a distribution to be made to the unsecured creditors other than out of the Unsecured Creditors' Fund (see paragraph 9.5 below). In accordance with Paragraph 52 (1) (b) of Schedule B1 of the Insolvency Act an initial meeting of the Company's creditors is therefore not being convened (detailed at 11.1).
- 8 3 The Administrators will seek approval of their fees from each secured creditor of the Company under Rule 2.106 (5A). If approval is not obtained the Administrators may make an application to Court for approval of their fees under Rule 2.106(6).
- 8 4 The Opco Banks agreed that the Administrators could use certain cash remaining in the Companies at the Appointment Date and payable to the Opco Banks, for the purpose of funding administration costs (the **Costs Fund**). If the Administrators wish to discharge their remuneration from the Costs Fund, they shall seek approval of their fees, as appropriate, from the Opco Banks on a time cost basis as set out above.

- 8 5 Attached as Appendix D 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

8 6 *Administration and Planning*

The work involved within this area consists of dealing with the statutory duties and requirements of the administration and reporting to creditors. In addition, time spent formulating the strategy for the progression of the administration (including internal meetings) is recorded here, as are travel and administration time.

Investigations

This section relates to time spent investigating the conduct of the directors of the Company.

Realisation of Assets

This refers to time spent negotiating and dealing with the sale of the assets of the Company.

Trading

The time recorded under this heading includes managing the day to day trading of the Company to ensure that a sale of the businesses as a going concern is achieved. It also records the time which has been spent in reconciling the trading account, and monitoring the trading of the Pumpster Sites.

Under the CSA, a proportion of the Administrators' time costs associated with trading the Pumpster Sites will be funded by the Pumpster Landlords.

Creditors

This reflects the time incurred dealing with the creditors of the Company, including written correspondence and telephone calls.

9 Estimated Outcome

- 9 1 Based on the directors' Statement of Affairs attached to this report the estimated value of the preferential creditors is £nil and the unsecured creditors is £36,850,440.

- 9 2 Immediately following the Administrators' appointment the sum of £6,304,908 was repaid to the fixed charge holders, the Opco Banks, under their fixed charges.

- 9 3 Based on present information, the Administrators are not aware of any preferential creditors. Whilst no preferential claims have been received to date, if any claims are received these will

be paid ahead of any distributions made to the unsecured creditors and floating charge holders which are detailed below

9 4 It is unlikely that there will be a dividend to the unsecured creditors of the Company other than that which is described below

9 5 As detailed at paragraph 2 4, the Opco Guarantee Companies (including the Company) granted fixed and floating charges to the Opco Banks in respect of their liabilities as guarantors on 20 May 2005 (the **Opco Banks' Debentures**) The Opco Banks' Debentures post date 15 September 2003 and as a result of the introduction of the Enterprise Act 2002 on 15 September 2003, which amended the Insolvency Act, the Administrators have an obligation to ring fence a proportion of the floating charge realisations for unsecured creditors under section 176A (2) of the Insolvency Act These funds are often referred to as the "Prescribed Part" For the purpose of this report, the Prescribed Part is referred to as the "Unsecured Creditors Fund"

9 6 Based on present information, the Administrators estimate the value of the Unsecured Creditors' Fund to be approximately £100,000

9 7 Immediately following the Administrators' appointment the sum of £346,342 was repaid to the floating charge holders, the Opco Banks, under their floating charges Sufficient funds have been retained for the Unsecured Creditors' Fund

10 Next Report

10 1 If the Company is not dissolved and the administration continues, the Administrators are required to provide a progress report within one month of the end of the first six months of the administration

11 Meeting of Creditors

11 1 The Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors other than out of the Unsecured Creditors' Fund In accordance with Paragraph 52 (1) (b) of Schedule B1 of the Insolvency Act an initial meeting of the Company's creditors is therefore not being convened The Administrators are however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it If you wish for a meeting to be held, you must notify us in writing in the prescribed form within 12 days of the date on which the Administration sent out their proposals to creditors

HAI HAI BAR & CANTEEN LIMITED - IN ADMINISTRATION

For and on behalf of
Hai Hai Bar & Canteen Limited



Alastair Beveridge
Joint Administrator

Enc

Receipts and Payments Account for the Period from 27 March 2008 to
30 April 2008

Appendix A

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Goodwill	5,237,176 00		5,237,176 00
Goodwill (Pre-emption rights)	1,067,732 00		1,067,732 00
Stock		299,340 00	299,340 00
Trade Debtors		47,002 00	47,002 00
Cash at Bank		128,777 38	128,777 38
	<u>6,304,908.00</u>	<u>475,119.38</u>	<u>6,780,027.38</u>
PAYMENTS			
Due to Chargeholder	6,304,908 00		6,304,908 00
Floating Charge Creditor		346,342 00	346,342 00
	<u>6,304,908.00</u>	<u>346,342.00</u>	<u>6,651,250.00</u>
Balances in Hand	<u>0.00</u>	<u>128,777 38</u>	<u>128,777 38</u>
	<u>6,304,908.00</u>	<u>475,119 38</u>	<u>6,780,027.38</u>

**Summary of the Directors' Statement of Affairs of the Company as at
27 March 2008**

Appendix B

Statement of affairs

Name of Company
Ha! Ha! Bar and Canteen Ltd

Company number
03338454

In the High Court of Justice
Chancery Division
Companies Court

Court case number
2477 of 2008

(a) Insert name and address of registered office of the company Statement as to the affairs of (a) The High Street Bar & Restaurant Group Ltd, Porter Tun House, 500 Capability Green, Luton, BEDS, LU1 3LS

(b) Insert date

on the (b) 27th March 2008, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 27th March 2008 the date that the company entered administration

Full name Christian Keen

Signed

Dated

25/4/08

Assets subject to fixed charge

Buildings/ Property
Goodwill

Charge

Balance

Assets subject to floating charge

Intercompany debtors
Debtors

Furniture & Equipment
Assets held at nominal value
Cash

Uncharged assets

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
	5,237,176
	1,067,732
	180,930,000
	174,625,092
47,501,214	567,518
653,217	47,000
315,022	299,340
2	2
10,377	10,377
	924,237

A1 – Summary of Liabilities

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)		924,237
Liabilities		
Preferential creditors -		-
		924,237
Estimated deficiency/surplus as regards preferential creditors		
Estimated prescribed part of net property where applicable (to carry forward)	600,000	- 600,000
Estimated total assets available for floating charge holders		324,237
Debts secured by floating charges	174,625,092	- 174,625,092
Estimated deficiency/surplus of assets after floating charges		- 174,300,855
Estimated prescribed part of net property where applicable (brought down)	- 600,000	600,000
Total assets available to unsecured creditors		600,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	36,850,440	- 36,850,440
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		- 36,250,440
Shortfall to floating charge holders (brought down)	174,300,855	- 174,300,855
Estimated deficiency/surplus as regards creditors		- 210,551,295
Issued and called up capital	5,013	- 5,013
Estimated total deficiency/surplus as regards members		- 210,556,308

Signature _____ Date _____

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

[illegible]

Signature Chy Jia Date 28/11/03

[illegible]

SUPERBREAK MINI HOLIDAYS LTD	554 40	60 PICCADILLY	YORK	YO1 9WX
APHI MARKETING LTD	2075 00	22 UPGATE	NORWICH	NR14 1SH
CELESTRA	482 00	23 FIRST AVENUE	MILTON KEYNES	MK11 1DW
BT CONFERRING	2154 81	PP M3042	THE HYDE	NW9 8LB
LLOYD CATERING EQUIPMENT	518 75		COLINDALE HOUSE	S81 2DU
HOSPITALITYLINE	154 00		CHISLEHURST	BR7 6TN
SPRINT REFRIGERATION & CATERING EQUIP LTD	587 00		RACECOURSE ROAD IN	WR10 2DL
PMS GROUP PLC	70 00	CORHAM ROAD	PERSHORE	CF8 1XH
PRINT SEARCH LTD	2519 01	TRAFFORD PARK	CAERPHILLY	M17 1PJ
HOPEFIELD FABRICATIONS LTD	324 00	MATHER ROAD	MANCHESTER	BL9 8RA
WILLIAMS REFRIGERATION	280 00	NORTH LYNN INDUSTRIAL ESTATE	BURY	PE30 2HZ
EVERSHEDS LLP	950 00	70 GREAT BRIDGEWATER STREET	KING'S LYNN	M1 5ES
JUST BALLOONS	212 50	42 THE GROVE	MANCHESTER	TW7 4JF
COMPLETE CONTROL	2880 00	CHURCH FARM	MIDDLESEX	BA2 9AP
CLOTHING GROUP LTD	59.25	ANGLESEY ROAD	BATH	BA14 3NX
		UNIT 2 CROWN INDUSTRIAL ESTATE	STAFFORDSHIRE	

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Yates Group Ltd	Porter Tun House, 500, Capability Green, Luton. Beds LU1 3LS	5000	£5000	Ordinary Shares of £1 each
Yates Group Ltd	Porter Tun House, 500, Capability Green, Luton. Beds LU1 3LS	1320	£13.20	Deferred Shares of £0.01 each
TOTALS		6320	5013.20	



Signature _____ Date 28/4/08

HA! HA! BAR & CANTEEN LIMITED - IN ADMINISTRATION

Time Analysis for the Period from 27 March 2008 to 30 April 2008

Appendix C

	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	-	0 3	0 5	-	0 8	226 00	283
Creditor Reporting	1 0	0 1	7 2	0 7	9 0	2,446 00	272
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	0 9	1 8	0 7	3 4	854 00	251
Job Administration	-	0 1	1 8	0 9	2 8	631 00	225
Cash Accounting and Time Records	-	0 5	0 2	2 0	2 7	583 50	216
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	0 5	-	-	0 5	167 50	335
Investigations							
D Reports	-	-	0 3	0 2	0 5	97 00	194
Other Investigations	0 2	-	-	-	0 2	99 00	495
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Debtors							
Debt Collection	-	-	-	0 6	0 6	75 00	125
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	0 1	0 1	12 50	125
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	0 1	-	0 1	27 00	270
Trading							
Initial Actions	-	-	1 2	0 1	1 3	336 50	259
Cash Accounting	-	-	-	-	-	-	-
Ongoing Trading Activities	-	-	8 6	-	8 6	2,322 00	270
Internal and External Communications	-	-	-	-	-	-	-
Creditors							
Initial Actions	-	-	0 5	1 6	2 1	320 00	152
Creditor claims	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Employees	-	-	-	-	-	-	-
Employee Communications	-	-	-	-	-	-	-
KCF	-	-	-	0 1	0 1	18 50	185
Totals	1 2	2 4	22 2	7 0	32 8	8,215 50	250
Average Rate per Grade	415 83	334 38	266 35	143 00			

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

Appendix D

1 Policy

Detailed below is Kroli'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, a Senior Associate, an Associate and an 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, e.g., 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, due to the complexity and scale of the case, a larger number of professional advisors has been required. 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 Tario Lyons (Legal advice in relation to premises licences - North England & Wales)	Hourly rate and disbursements
Bevan Brittan LLP (Legal advice in relation to premises licences – South England & Wales)	Hourly rate and disbursements
Brunton Miller (Legal advice in relation to premises licences – Scotland)	Hourly rate and disbursements
Safe Estates Limited (Key safe service in relation to leasehold premises)	Fixed fee per site
Willis Limited (insurance)	Risk based premium
Gerald Eve Limited (Rating appeals in relation to leasehold properties)	Contingent fee agreement
Atis Real Weatheralls Limited (Rating appeals in relation to leasehold properties)	Contingent fee agreement
Goodman Naish Limited (Rates audit work in relation to leasehold properties)	Contingent fee agreement
Colliers CRE Limited (valuation and disposal advice in relation to leasehold properties)	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	

HA! HA! BAR & CANTEEN LIMITED - IN ADMINISTRATION