

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company

Goodnight Inns Limited

Company number

03451999

In the

Cardiff District Registry

Court case number

204 of 2009

We

Jonathan Scott Pope
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Richard John Hill
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

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


from

18 March 2010

to

17 September 2010

Signed


Joint Administrator

Dated

11 October 2010

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.

Magdalena Glanowska
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

DX Number DX 146800 (Theale) 2

Tel 0118 964 2026

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

TUESDAY



A27

12/10/2010

326

COMPANIES HOUSE

RECEIPTS		£
Brought forward from previous Abstract (if Any)		564,888 83
Sales		63,042 19
Council tax and Rates refund		1,221 93
Freehold property		174,999 00
Goodwill		1 00
Furniture & equipment		15,000 00
Cash at bank		254 88
Trade debtors		725 70
Floating ch VAT payable		10,918 87
Carried forward to		831,052 40
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if Any)		506,916 91
Purchases Food & Drink		29,497 07
Direct labour		22,770 90
Indirect labour		2,646 71
Rates		5,010 50
Water rates		642 09
Heat & light		4,679 20
Telephone/Telex/Fax		38 55
Council tax		526 70
Professional fees		1,345 20
Agents'/Valuers' fees		4,184 77
Other property expenses		452 38
Insurance of assets		2,282 84
Bank charges		331 95
Floating ch VAT rec'able		5,787 74
Floating ch VAT control		7,309 19
Carried forward to		594,422 70
* continuation sheet / next abstract		

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed



Goodnight Inns Limited (in administration)
Progress Report
KPMG LLP

Goodnight Inns Limited (in administration)

Progress Report

Pursuant to Rule 2.47 of the
Insolvency Rules 1986 (as amended)

KPMG LLP
11 October 2010

PNA/MAG/G931995337



Goodnight Inns Limited (in administration)
Pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
11 October 2010

Notice: About this Report

This Report has been prepared by Jonathan Scott Pope and Richard John Hill, the Joint Administrators of Goodnight Inns 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 Goodnight Inns 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.

Jonathan Scott Pope is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Richard John Hill is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales. The Joint Administrators act as agents for Goodnight Inns 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.



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Appendices (see attached)

Appendix 1 Statutory information

Appendix 2 Administrators' abstract of receipts and payments

Appendix 3 Administrators' time costs

Appendix 4 Form 2 31B – Notice of extension of period of administration



1 Glossary

Administrators	Jonathan Scott Pope and Richard John Hill of KPMG LLP
Administration Order	The Administration Order granted in the Cardiff District Registry (Court administration order number 204 of 2009)
The Director	Timothy James Warwick
The Company	Goodnight Inns Limited (Company Registered Number 03451999)
Registered Office	c/o KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD
The Secured Creditor	HSBC Bank plc ("the Bank")
The Act	The Insolvency Act 1986
The Rules	The Insolvency Rules 1986

The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively (both as amended)

2 Introduction

As previously advised, Jonathan Scott Pope and Richard John Hill were appointed Joint Administrators of Goodnight Inns Limited on 18 March 2009 following an application by the Bank

This report has been prepared in accordance with Rule 2.47 of the Rules and covers the period from 18 March 2010 to 17 September 2010. We also enclose Form 2.24B formal notice to that effect. This follows our previous report dated 13 April 2010.

An abstract of the Joint Administrators' receipts and payments account up to 17 September 2010 is attached as Appendix 2. The figures on the account are shown net of VAT.

Other statutory information to be provided in accordance with Rule 2.47 of the Rules is attached at Appendix 1.

2.1 Administrators' proposals

The Administrators' proposals were circulated to all known members and creditors on 11 May 2009 and were deemed to have been approved without modification in accordance with Rule 2.33(5) of the Rules on 22 May 2009.

2.2 Purpose of the administration

An Administrator of a company must perform his functions with one of the following main 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.

As it was not considered feasible to rescue the Company as a going concern the primary purpose of the administration was to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).

3 Progress of the administration

3.1 Realisation of assets

3 1 1 Knap Hotel

As previously reported, the Company owned the freehold of the Knap Hotel. The Administrators appointed Christie & Co to market the hotel, which was sold on 15 August 2009 for £390,000.

3 1 2 Lamb and Flag

The Company also owned the freehold of the Lamb and Flag pub. The Administrators appointed Christie & Co to market the Lamb and Flag and the business continued to trade whilst it was on the market. The administrators completed the sale of the Lamb and Flag on 17 August 2010 for £190,000.

3 1 3 Other realisations

Book debts totalling £2,700 have been collected to date, no further book debts are expected to be realised. In addition, £1,000 was received from Malacara Ltd for the use of the Knap Hotel for filming.

3 1 4 Chattel assets

As previously reported, the Company's fixtures and fittings held at the Lamb and Flag were estimated to realise £15,000. These assets were included in the sale of the Lamb and Flag as a going concern.

4 Costs of realisations

4 1 1 Administrators' fees

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Rules, by reference to time properly given by the Administrators and their staff in attending to matters arising in the Administration. A creditors' guide to fees can be found at [http://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007\(1\).pdf](http://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007(1).pdf). However, if you are unable to access this guide and would like a copy please contact Magdalena Glanowska on 0118 964 2026.

The analysis attached as Appendix 3 shows that the Joint Administrators' time costs from 18 March 2010 to 17 September 2010 are £83,651 representing 379 hours at an average hourly rate of £221. This brings the total time spent to date to £302,978.

In accordance with R2 106(5A) of the Rules, since the Company it is expected that the Company will have insufficient property to enable a distribution to be made to unsecured

creditors, other than potentially by virtue of section 176A(2)(a) of the Act, the Prescribed Part, then it is for the secured creditor to agree the remuneration of the Administrators

No remuneration has been drawn to date

4.1.2 Other costs

Costs incurred in respect of bank charges are listed in the attached receipts and payments account

4.1.3 Future payments

There are costs relating to the administration which have yet to be settled, including legal fees and agents' fees

5 Estimated outcome to creditors

5.1 Secured creditors

As previously advised, the Bank holds a debenture created on 29 March 2007 containing fixed and floating charges over the Company's assets. The Company's total indebtedness to the Bank was approximately £600,000 excluding interest and charges.

The Bank will suffer a shortfall on its indebtedness. An interim distribution of £300,000 has been made to the Bank.

5.2 Preferential creditors

There are no preferential claims in the administration.

5.3 Unsecured creditors and Prescribed Part

In accordance with paragraph 176A(9) of Schedule B1 of the Act, the Prescribed Part serves to set aside a proportion of the Company's net assets for the benefit of unsecured creditors. It is calculated as 50% of the first £10,000 and 20% of the remainder, up to a maximum of £600,000.

As previously reported, due to the shortfall to the Bank and limited floating charge assets, there is no prospect of funds being available for a distribution to unsecured creditors by virtue of a Prescribed Part or otherwise.

6 Investigations

The Administrators have a duty to investigate the conduct of the Directors and to submit a return to the Department for Business, Innovation and Skills (formerly the Department for

Business, Enterprise and Regulatory Reform) on the conduct of those directors or shadow directors who were in office in the three years prior to the administration.

7 Taxation

The Administrators have instructed KPMG Tax specialists to prepare the necessary returns so the tax position could be finalised

These returns will be completed and submitted to HM Revenue and Customs for approval

8 Future strategy

8.1 Ongoing matters

It is proposed that the Joint Administrators will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include

- finalising the administration, including payment of all administration liabilities including the Administrators' remuneration,
- dealing with statutory reporting and compliance obligations, and
- the completion of final corporation tax and VAT returns and settlement of any liability

8.2 Extension to the period of administration

In order to complete the outstanding issues post the recent sale of the Lamb and Flag, the Administrators were granted a six month extension to the Administrators' term of office by the Court under Paragraph 76(2), which expires on 17 March 2011

8.3 Exit from administration

In the event that there are no further distributable assets of the Company remaining and all outstanding issues have been resolved the Company will move to dissolution in accordance with Paragraph 84(1) of the Act

In addition, the Administrators will seek their discharge from liability under Paragraph 98 of the Act from the secured creditor



Goodnight Inns Limited (in administration)
Pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
11 October 2010

8.4 **Future reporting**

In accordance with Rule 2.47 of the Insolvency Rules 1986, the Administrators will provide a further progress report by the earlier of 17 April 2010 or the conclusion of the administration.

A handwritten signature in black ink, appearing to read 'Jonathan Scott Pope'.

Jonathan Scott Pope
Joint Administrator

Appendix 1 – Statutory information

Company name & Trading style	Goodnight Inns Limited		
Administration Order	The Administration Order was granted in the Cardiff District Registry Court case number 204 of 2009		
Date of appointment	18 March 2009		
Administrators details	Jonathan Scott Pope is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association Richard John Hill is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales		
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act		
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations		
Company Directors	Timothy James Warwick	From: 20 January 1998	To: To date
Company Secretaries	Nicola Davies and Doreen Jean Oliver		
Date of incorporation	21 October 1997		
Company registration number	03451999		
Previous registered office	1-4 The Parade, Barry, Vale of Glamorgan CF62 6SD		
Present registered office	c/o KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD		
Employees	13		



Goodnight Inns Limited (in administration)
Pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
11 October 2010

Appendix 2

Administrators' abstract of receipts and payments from 18 March 2010 to 17 September 2010.

Goodnight Inns Limited
(In Administration)
Administrators' Trading Account

Statement of Affairs	From 18/03/2010 To 17/09/2010	From 18/03/2009 To 17/09/2010
POST-APPOINTMENT SALES		
Sales	63,042 19	216,696 15
Council tax and Rates refund	1,221 93	1,221 93
	<u>64,264 12</u>	<u>217,918 08</u>
PURCHASES		
Purchases Food & Drink	29,497 07	98,347 29
Purchases Cleaning	NIL	69 68
	<u>(29,497 07)</u>	<u>(98,416 97)</u>
OTHER DIRECT COSTS		
Direct labour	22,770 90	87,249 01
	<u>(22,770 90)</u>	<u>(87,249 01)</u>
TRADING EXPENSES		
Indirect labour	2,646 71	2,646 71
Rates	5,010 50	5,010 50
Water rates	642 09	1,783 24
Heat & light	4,679 20	12,930 79
Telephone/Telex/Fax	38 55	135 16
Council tax	526 70	7,514 22
Professional fees	1,345 20	4,724 16
Bank charges & interest	NIL	416 30
	<u>(14,888 95)</u>	<u>(35,161 08)</u>
TRADING SURPLUS/(DEFICIT)	<u>(2,892.80)</u>	<u>(2,908 98)</u>

Goodnight Inns Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 18/03/2010 To 17/09/2010	From 18/03/2009 To 17/09/2010
	FIXED CHARGE ASSETS		
890,000 00	Freehold property	174,999 00	564,999 00
	Goodwill	1.00	1 00
		<u>175,000 00</u>	<u>565,000 00</u>
	FIXED CHARGE COSTS		
	Legal fees	NIL	8,836 00
	Agents'/Valuers' fees	4,184 77	14,790 51
	Other costs	NIL	996 77
	Insurance	NIL	843 26
	Non-recoverable VAT	NIL	2,082 89
		<u>(4,184 77)</u>	<u>(27,549 43)</u>
	FIXED CHARGE CREDITORS		
(595,000 00)	Fixed charge creditor	NIL	300,000 00
		<u>NIL</u>	<u>(300,000 00)</u>
	ASSET REALISATIONS		
15,000 00	Plant & machinery	NIL	NIL
	Furniture & equipment	15,000 00	15,000 00
	Book debts	NIL	2,700 00
	Sundry Income	NIL	1,000 00
	Cash at bank	254 88	891 73
		<u>15,254 88</u>	<u>19,591 73</u>
	OTHER REALISATIONS		
	Trading Surplus/(Deficit)	(2,892 80)	(2,908 98)
		<u>(2,892 80)</u>	<u>(2,908 98)</u>
	COST OF REALISATIONS		
	Legal fees	NIL	5,143 95
	Heat & light	NIL	2,738 50
	Other property expenses	452 38	797 38
	Insurance of assets	2,282 84	7,515 68
	Bank charges	331 95	483 21
		<u>(3,067 17)</u>	<u>(16,678 72)</u>
	PREFERENTIAL CREDITORS		
(5,000 00)	Employees' wage arrears & holiday pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(480,000 00)	Trade & expense	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(178,750 00)	Ordinary shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(353,750 00)		<u>180,110.14</u>	<u>237,454 60</u>

REPRESENTED BY

Floating ch VAT rec'able	13,933 99
Floating charge current	236,629 70
Floating ch VAT payable	(26,470 62)
Floating ch VAT control	13,361 53
	<hr/>
	237,454.60
	<hr/>

Jonathan Scott Pope
Administrator



Goodnight Inns Limited (in administration)
Pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
11 October 2010

Appendix 3

Analysis of Administrators' time costs for the period 18 March 2010 to 17 September 2010



Goodnight Inns Limited (in administration)

Time costs analysis from 18 March 2010 to 17 September 2010

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Cashiering							
General (Cashiering)		4 90	32 35	10 60	47 85	£8 528 75	£178 24
Reconciliations (& IPS accounting reviews)			4 55	1 30	5 85	£905 25	£154 74
Employees							
Correspondence		0 20	1 30		1 50	£356 50	£237 67
Tax							
Initial reviews CT and VAT		0 10			0 10	£32 00	£320 00
Post appointment corporation tax		1 50	0 20		1 70	£513 00	£301 76
Post appointment PAYE			4 45		4 45	£1 001 25	£225 00
Post appointment VAT		4 80	20 70		25 50	£5 314 50	£208 41
Trading							
Purchases and trading costs		1 10	37 60		38 70	£7 096 00	£183 36
Sales			2 25		2 25	£506 25	£225 00
Administration & planning							
Cashiering							
General (Cashiering)			10 85	3 30	14 15	£2 304 75	£162 88
Reconciliations (& IPS accounting reviews)			0 90	0 30	1 20	£180 00	£150 00
General							
Books and records			1 20	0 30	1 50	£259 50	£173 00
Fees and WIP		0 60	1 00		1 60	£408 00	£255 00
Statutory and compliance							
Checklist & reviews	1 00	1 00	12 60		14 60	£3 505 00	£240 07
Closure and related formalities			0 45		0 45	£74 25	£165 00
Reports to debenture holders		0 50	12 75		13 25	£2 881 75	£217 49
Strategy documents	1 00		1 20		2 20	£698 00	£317 27
Tax							
Post appointment corporation tax		2 25	7 95		10 20	£2 031 75	£199 19
Post appointment PAYE			1 00		1 00	£225 00	£225 00
Post appointment VAT		0 40	6 60		7 00	£1 343 00	£191 86
Creditors							
Creditors and claims							
General correspondence		0 30	2 55		2 85	£522 75	£183 42
Pre-appointment VAT / PAYE / CT			0 50		0 50	£82 50	£165 00
Statutory reports		0 20	24 50		24 70	£4 601 50	£186 30
Employees							
Correspondence			2 20		2 20	£495 00	£225 00
Realisation of assets							
Asset Realisation							
Cash and investments		0 10	5 40		5 50	£1 247 00	£226 73
Freehold property	21 00	4 50	99 25		124 75	£32 882 25	£263 59
Open cover insurance			0 15		0 15	£24 75	£165 00
Sale of business		6 60	6 80		13 40	£3 576 00	£266 87
Trading							
Cash & profit projections & strategy	1 00				1 00	£440 00	£440 00
Purchases and trading costs		0 30	7 40		7 70	£1 446 00	£187 79
Sales			0 75		0 75	£168 75	£225 00
Total in period					378 55	£83 651 00	£220 98

Brought forward time (appointment date to SIP9 period start date)	872 50	£219 327 00
SIP9 period time (SIP9 period start date to SIP9 period end date)	378 55	£83 651 00
Carry forward time (appointment date to SIP9 period end date)	1 251 05	£302 978 00

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 above 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.

Disbursements

Travel	235 00
SoA production	1 500 00
Other costs	489 00
	<u>2 224 00</u>



Appendix 3 (continued)

Schedule of rates of charging

The current hourly charge-out rates for staff engaged on the Administration are as follows

	Restructuring
Director/Partner	£440-£515
Management	£320-£405
Case administrators	£165-£225
Support	£105



Goodnight Inns Limited (in administration)
Pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
11 October 2010

Appendix 4

Form 2.31B – Notice of extension of period of administration