

The Insolvency Act 1986

Administrator's progress reportName of Company
Santa Fe LimitedCompany number
03493688In the High Court of Justice
Chancery Division
Companies CourtCourt case number
2468 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 Administrator

Dated

22 October 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.

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COMPANIES HOUSE

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**Joint Administrators'
Progress Report**

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

Santa Fe Limited - In Administration

21 October 2008



KROLL

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1. Statutory Information

- 1 1 The registered number of Santa Fe Limited (the **Company**) is 03493688
- 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 2468 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
- 2 2 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**)

- 2.3 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**).
- 2.4 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 £5,031,695 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**).
- 2.5 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.
- 2.6 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**).
- 2.7 In parallel with the TSA, the Administrators also agreed a financial support package with the Propco Banks regarding the trading of the Pumpster Sites.
- 2.8 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.
- 2.9 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.

- 2 10 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 11 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
	<hr/> 27,239,441

- 2 12 No consideration has been allocated to the Company since it held no interest in the Pumpster Sites.

Other Property Realisations

- 2 13 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 14 The Company held legal title to two leases for the Closed Sites. 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 15 However, no interest was received in respect of these sites, and as such the Administrators offered a surrender of these leases to the respective landlords since the leases were deemed to have no value to the Company. To date, neither of these offers of surrender has been accepted.

Business Rates Refunds

- 2 16 The amount of £1,173 has been received in respect of overpaid Business Rates relating to a period prior to 27 March 2008.

- 2 17 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 18 However, it is not anticipated that any further significant realisations will be made from this source

Debtor receipts

- 2 19 The sum of £20,435 has been received from sundry debtors and overpayments which have subsequently been refunded Future receipts are likely to be minimal

Cash at Bank

- 2 20 The sum of £55,915 was recovered in respect of the Company's pre Administration bank account balances

- 2 21 No further receipts are expected from this source

Other Income

- 2 22 The Administrators have received bank interest of £265

- 2 23 You will also note from the Receipts and Payments account that there are entries of £78,928 under the headings of rents received and paid These amounts relate to payment of rents due in respect of certain of the Opco Good Sites for which the lease assignments to Newco have not yet completed These payments have been funded by Newco

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 £28,982 This represents 114 hours at an average rate of £255 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 the Group's trading receipts which are received into the Companies' various bank accounts

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 There are no secured creditors of the Company

Preferential creditors

- 5 2 The Administrators are not aware of any preferential creditors of the Company

Unsecured creditors

- 5 3 It is anticipated that the realisations made to date will enable a dividend to be paid to the unsecured creditors. As previously noted in the Administrators proposals, to facilitate the repayment of the debt due to the Opco Banks, Yates's Wine Lodges incurred an inter-company debt to the Company. The level of dividend available to the unsecured creditors will be in line with the loan made to Yates's Wine Lodges Limited, although the timing of this dividend is not yet apparent.
- 5 4 As noted in paragraph 5 1 above, the Company has no secured creditors. As such, the provisions of Section 176A of the Insolvency Act 1986 (the Act) regarding the requirement to set aside an unsecured creditors' fund will not apply in this instance.


6 Ending the Administration

- 6 1 The Company held the legal title to a number of leases for both Good and Rumpco sites. Based on present information, the Administrators believe that a dividend will be paid to the Company's unsecured creditors, and therefore upon the completion of the assignments of the Good leases, it is currently envisaged 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 1986 (the Act).
- 6 2 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
Santa Fe Limited



J J Gleave
Joint Administrator

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SANTA FE LIMITED - IN ADMINISTRATION

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	0 00	78,928 16	78,928 16
Goodwill	0 00	703,298 00	703,298 00
Goodwill (Pre-emption rights)	0 00	4,257,822 00	4,257,822 00
Stock	0 00	60,573 00	60,573 00
Trade Debtors	0 00	10,002 00	10,002 00
Cash at Bank	0 00	55,915 18	55,915 18
Business Rates Refunds	0 00	1,173 08	1,173 08
Bank Interest Gross	0 00	265 24	265 24
Book debts	0 00	10,432 50	10,432 50
	0.00	5,178,409.16	5,178,409.16
PAYMENTS			
Rents	0 00	78,928 16	78,928 16
Bank Charges	0 00	40 00	40 00
Newco Trading Receipts	0 00	43,867 52	43,867 52
Legal Fees	0 00	1,198 46	1,198 46
Bank Charges	0 00	523 90	523 90
Inter-Company Loan	0 00	5,031,695 00	5,031,695 00
VAT Receivable	0 00	125 12	125 12
	0.00	5,156,378.16	5,156,378.16
Balances in Hand	0 00	22,031.00	22,031 00
	0 00	5,178,409 16	5,178,409.16

SANTA FE 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	1 0	1 1	2 7	0 2	5 0	1,613 00	323
Creditor Reporting	2 1	0 7	14 9	1 2	18 9	5,163 50	273
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	1 1	4 5	0 8	6 4	1,581 50	247
Job Administration	-	0 5	0 9	1 4	2 8	568 00	203
Cash Accounting and Time Records	0 4	1 8	15 5	10 3	28 0	6,501 00	232
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	0 5	1 3	0 2	2 0	540 50	270
Investigations							
D Reports	-	0 4	3 9	0 2	4 5	1,101 00	245
Other Investigations	1 1	-	-	-	1 1	544 50	495
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	-	0 8	0 8	100 00	125
Sale of Assets	-	0 2	-	-	0 2	65 00	325
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	1 3	-	1 3	312 00	240
Realisation of Assets - Debtors							
Debt Collection	-	-	0 9	-	0 9	240 00	267
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	0 3	0 3	37 50	125
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	0 1	-	0 6	0 7	110 00	157
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	0 1	-	0 1	27 00	270
Trading							
Initial Actions	0 3	0 5	1 0	-	1 8	581 00	323
Cash Accounting	0 1	0 4	2 8	2 9	6 2	1,298 00	209
Ongoing Trading Activities	-	-	30 7	0 1	30 8	8,301 50	270
Internal and External Communications	-	-	0 2	-	0 2	54 00	270
Creditors							
Initial Actions	-	-	0 2	0 8	1 0	148 00	148
Creditor claims	-	-	-	0 3	0 3	37 50	125
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	0 1	-	-	0 1	32 50	325
Employees	-	-	-	-	-	-	-
Employee Communications	-	-	-	-	-	-	-
Totals	5 00	7 40	80 90	20 30	113 60	28,982 00	255

**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 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	