

## The Insolvency Act 1986

## Administrator's progress report

2.24B

Name of Company Mercury Inns Group Limited	Company number 04362325
In the The Royal Courts of Justice, Chancery Division, Companies Court <small>[full name of court]</small>	Court case number 21120 of 2009

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) Antony David Nygate of BDO LLP, 55 Baker Street, London W1U 7EU and Tracey Lee Pye of BDO LLP, 3 Hardman Street, Spinningfields, Manchester M3 3AT.

administrator(s) of the above company attach a progress report for the period

(b) Insert date	From	to
	(b) 23 November 2009	(b) 23 May 2010

Signed

Joint administrator(s)

Dated

21-06-10

## 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.

BDO LLP, 55 Baker Street, London,	
W1U 7EU	
Our Ref	0/GLS/ADM933 Form 2/A6 Tel 020 7486 5888
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at  
Companies House, Crown Way, Cardiff, CF14 3UZ  
DX 33050 Cardiff



A22

09/10/2010  
COMPANIES HOUSE

380

SATURDAY



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55 Baker Street  
London W1U 7EU

21 June 2010

Our Ref ADN/JBS/A6

Please ask for John Strowger  
Direct Line 020 7893 2945

## TO ALL CREDITORS

Dear Sirs

**MERCURY INNS GROUP LIMITED ("MIG")**  
**MERCURY INNS ("MI")**  
**GW1016 LIMITED ("GW")**  
**ALL IN ADMINISTRATION (the "Companies")**

It is now six months since my appointment in respect of the Companies. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administrations.

### 1 Statutory Information

The Joint Administrators are Antony David Nygate of 55 Baker Street, London W1U 7EU and Tracey Lee Pye of 3 Hardman Street, Spinningfields, Manchester M3 3AT and they were appointed in respect of the above Companies on 23 November 2009. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by Barclays Bank Plc being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of schedule B1 of the Insolvency Act 1986.

The Companies' registered offices are situated at 55 Baker Street, London W1U 7EU. The court case numbers and registered numbers are shown below:

Company Name	Registered Number	Court Number
MIG	04362325	21120 of 2009
MI	04361891	21119 of 2009
GW	05034544	21117 of 2009



## **2 Receipts & Payments**

I enclose summaries of the receipts and payments to date in relation to the Companies, for your information. The receipts and payments to date show the following balances in hand:

MIG.	£45,089
MI	£191,307
GW.	£85,463

I would comment specifically on the following receipts

### **2.1 Sale of Freehold Premises**

#### **The Red Lion and The Walton Arms**

The Joint Administrators achieved a sale of The Red Lion and The Walton Arms to J W. Lees & Co (Brewers) Limited on 6 May 2010. The consideration of £1.675m includes £30k received in respect of furniture & equipment. The stock held on site was also sold to the purchaser upon completion resulting in an additional realisation of £20k.

#### **The Samuel Pepys**

The Samuel Pepys was sold to Ginger Inns on 7 May 2010 for a consideration of £525k, including furniture & equipment of £25k. A further £10k was realised from the sale of stock on site at completion.

#### **The Villa**

The Joint Administrators completed a sale of The Villa, GW's only freehold premises, to R-Group on 30 April 2010. The consideration of £1.775m includes £65k for furniture & equipment. As with the other properties, the stock was sold to the purchaser on completion, which resulted in an additional realisation of £13k.

### **2.2 Leasehold Premises**

As reported previously, the Joint Administrators closed the three leasehold sites immediately upon appointment, as trading forecasts indicated the units would be loss making. Advice received from the property agent, Fleurets Limited, indicated that the property leases had no value.

Following the closure of the units, the Joint Administrators negotiated the surrender of the leases with the respective landlords. A total of £99,431 was realised in respect of these units, comprising £27,851 from rent deposit refunds, £57,080 in respect of fixtures and fittings and £14,000 from stock on site.

The net realisations have been allocated to

MI (Park Inn and The Worlds End) £81,647

MIG (Olde Coach House): £17,784

### **2.3 Book Debts**

Debtor realisations to date total £30,155. These comprise PDQ sales receipts for the pre-appointment trading period, which were initially held in suspense by Barclaycard Payment Acceptance and funds of c £5k realised in respect of corporate debtor balances in GW.

### **3 Trading**

As detailed in my proposal document, circulated to creditors on 15 January 2010, the Joint Administrators engaged Quicksilver Management Limited ("QML") to trade the four freehold premises owned by the Companies. The three leasehold sites were closed immediately upon appointment and the leases were surrendered as mentioned previously.

To date, and included in the trading profit figures below, the Companies have been invoiced £33,939 by QML.

In the period the four sites were traded, the Companies made a trading profit, adjusted for closing stock realisations, of £73,192. The profit arose as follows:

MI	£41,596
GW	£31,595

Creditors should note that final invoices from a number of suppliers are still outstanding. Once these outstanding invoices are taken into account, the Joint Administrators anticipate the Companies will have traded on a breakeven basis over the Administration period.

### **4 Future of the Administrations**

The proposals of the Joint Administrators, which have been accepted by creditors, state that each of the Companies' Administrations will be exited by way of dissolution.

All assets in the Administrations have been now realised and accordingly the Joint Administrators anticipate being in a position to bring the Administrations to a close shortly when the outstanding issues from the trading period have been resolved.

## **5 Prospects for Creditors**

### **5.1 Secured Creditor**

As at the date of my appointment, the amount due to Barclays Bank Plc ("Barclays"), as the Companies' secured creditor, was £6,386,356. Creditors will be aware that Barclays holds a debenture over all of the Companies together with individual charges over the four freehold premises, which have now been sold by the Joint Administrators.

To date, realisations from the sales of The Red Lion, The Samuel Pepys, The Walton Arms and The Villa have enabled the Joint Administrators to make an interim distribution to the secured creditor of £3,558,786 under Barclays' fixed charge.

As you will recall, Scottish and Newcastle UK Limited holds a secondary security over the Companies that ranks behind that held by Barclays. Due to the shortfall to Barclays, the Joint Administrators' can advise that there will be no distribution to Scottish and Newcastle UK Limited under its security.

### **5.2 Preferential and Unsecured Creditors**

Under Section 176A of the Insolvency Act 1986, the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a company has granted a floating charge after 15 September 2003. MIG, MI and GW have each granted security to floating charge creditors after this date and therefore the prescribed part will apply.

The Joint Administrators estimate that, after allowing for costs, the value of the Companies' net property available for distribution to preferential and unsecured creditors will be nil. This outcome is in line with my initial report, circulated to creditors on 15 January 2010.

## **6 Joint Administrators' Remuneration**

I confirm that to date I have drawn £163,467 in respect of remuneration as shown on the attached receipts and payments accounts in accordance with the specific authority of the secured creditor.

The remuneration drawn is comprised of £33,834 in relation to MIG, £80,323 in relation to MI and £49,310 in relation to GW.

I attach schedules that summarise the time costs accrued to date and indicate the work undertaken in that respect

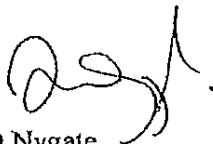
Company Name	Total Time Costs (£)	Total Hours	Average Hourly Rate (£)
MIG	59,234	178	333
MI	80,540	302	267
GW	74,632	276	270

## 7 Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that since my last report the sum of £2,733 has been drawn in respect of category 1 disbursements. Disbursements charged include statutory advertising, statutory bordereau, archiving and storage costs of the Companies' records, printing recharges in respect of statutory reports to creditors and general subsistence costs.

Some administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP is not to charge any category 2 disbursements.

Yours faithfully  
for and on behalf of  
the Companies



A D Nygate  
Joint Administrator  
Authorised by Institute of Chartered Accountants in England & Wales

Enc

**Mercury Inns Group Limited**  
**In Administration**

**Summary of Joint Administrators' Receipts And Payments from 1 January 2010 to 31 May 2010**

	<b>Estimated to realise as per the directors' Statement of Affairs £</b>	<b>Movement in last six month period £</b>	<b>To date £</b>
<b>RECEIPTS</b>			
Leasehold Property	800,000	497,848	505,132
Goodwill	-	1,000	1,000
Bank interest	-	10	10
Charles Russell Receipt	-	1,150	1,150
Furniture & Equipment	-	-	6,500
Tax Refund	-	126	126
Insurance Refund	-	5,482	5,482
Business Rates Refund	-	416	416
	<u>800,000</u>	<u>506,033</u>	<u>519,817</u>
<b>PAYMENTS</b>			
Bank charges		20	20
Repairs & Renewals		285	285
Professional Fees		500	500
Administrators' Fees		33,834	33,834
Legal Fees & Disbursements		3,173	6,623
Stamp duty		2,000	2,000
Agents' Fees & Disbs		5,739	5,739
		<u>45,551</u>	<u>49,001</u>
<b>PAYMENTS TO CREDITORS</b>			
Distribution to Barclays Bank Plc under fixed charge			418,390
Balance in hand - Administration funds			45,089
VAT control account			7,337
			<u>519,817</u>
<b>BDO LLP</b>		<b>A D Nygate &amp; T L Pye</b>	
<b>55 Baker Street</b>		<b>Joint Administrators</b>	
<b>London</b>		<b>16 June 2010</b>	
<b>W1U 7EU</b>			

Mercury Inns  
In Administration

Summary of Joint Administrators' Receipts And Payments from 1 January 2010 to 23 May 2010

	Estimated to realise as per the directors' Statement of Affairs £	Movement since 1 January 2010 £	To date £
<b>RECEIPTS</b>			
Property	2,050,000	1,643,994	1,664,561
Goodwill	-	2	2
Interest Gross	-	42	42
Sundry Receipt	-	1,000	1,000
Information Technology	-	3	3
Furniture & Equipment	110,000	55,004	105,584
Stock	-	37,966	43,963
Book debts	-	258	17,211
Cash at Bank	-	-	1,642
Sales	-	773,478	826,011
Business Rates Refunds	-	4,800	13,207
Sundry Refunds	-	901	901
	<u>2,160,000</u>	<u>2,517,447</u>	<u>2,674,128</u>
<b>PAYMENTS</b>			
Purchases - Wine & Beer		128,774	131,352
Food Purchases		195,170	195,170
Material Purchases		5	5
PAYE & NIC		52,760	52,760
Hire of Equipment		3,435	3,435
Repairs & Renewals		19,427	19,427
Other Direct Costs		2,480	2,480
Wages		271,299	271,299
Debtors		21,078	21,078
Indirect Labour & Cleaning		10,934	10,934
Electricity		10,555	10,555
Gas		23,797	23,797
Telephone		3,108	3,108
Business Rates & Council Tax		19,059	19,059
Water Rates		6,148	6,148
Insurance		11,537	11,537
Professional Fees		25,027	25,027
Hire of Equipment		3,313	3,313
Travel & Accommodation		249	249
Stationery and Postage		5,498	5,498
Waste & Refuse Collections		3,745	4,651
Fuel & Oil		3,823	4,431
Sundry Expenses		8,683	8,683
Security		-	292
Administrators' fees		80,323	80,323
Administrators' disbursements		2,001	2,001
Legal Fees & Disbursements		42,301	46,804
Agents Fees & Disbursements		49,397	49,397
Allowance for Stock Rebate		1,074	1,074
Bank Charges		7,361	7,381
		<u>1,012,360</u>	<u>1,021,266</u>
<b>PAYMENTS TO CREDITORS</b>			
Distribution to Barclays Bank Plc under fixed charge			1,540,396
Balance in hand - Administration funds			191,307
VAT control account			(78,841)
			<u>2,674,128</u>

BDO LLP  
55 Baker Street  
London  
W1U 7EU

A D Nygate & T L Pye  
Joint Administrators  
23 May 2010



**GW1016 Limited**  
**In Administration**

**Summary of Joint Administrators' Receipts And Payments from 1 January 2010 to 23 May 2010**

	Estimated to realise as per the directors' Statement of Affairs £	Movement In last six month period £	To date £
<b>RECEIPTS</b>			
Property	1,900,000	1,710,000	1,710,000
Furniture & Equipment	-	64,997	64,997
Goodwill	-	1	1
Information Technology	-	1	1
Stock	-	13,000	13,000
Work in Progress	-	1	1
Book debts	-	5,486	12,944
Cash at Bank	-	571	571
Sales	-	394,588	424,388
Business Rates Refund	-	2,976	2,976
Interest Gross	-	71	71
	<u>1,900,000</u>	<u>2,191,692</u>	<u>2,228,950</u>
<b>PAYMENTS</b>			
Purchases - Wine & Beer		41,206	41,206
Food Purchases		76,456	76,456
Material Purchases		1,044	1,044
PAYE & NIC		38,942	38,942
Duress creditors		41,081	41,081
Hire of Equipment		9,270	9,270
Repairs & Renewals		9,952	9,952
Other Direct Costs		3,927	3,927
Wages		163,052	163,052
Indirect Labour & Cleaning		8,917	8,917
Gas		13,955	13,955
Telephone		1,058	1,058
Business Rates & Council Tax		1,917	8,774
Water Rates		3,531	3,531
Insurance		746	746
Professional Fees		8,412	8,412
Equipment		-	3,390
Travel & Accommodation		129	129
Stationery and Postage		4,931	4,931
Waste & Refuse Collections		779	1,042
Sundry Expenses		6,771	6,771
Administrators' fees		49,310	49,310
Administrators' Disbursements		732	732
Legal Fees & Disbs		10,177	10,177
Agents Fees & Disbs		36,279	36,279
Bank Charges		3,793	3,833
		<u>536,366</u>	<u>546,916</u>
<b>PAYMENTS TO CREDITORS</b>			
Distribution to Barclays Bank Plc under fixed charge			1,600,000
Balance in hand - Administration funds			85,463
VAT control account			(3,428)
			<u>2,228,950</u>

**BDO LLP**  
**55 Baker Street**  
**London**  
**W1U 7EU**

**A D Nygate & T L Pye**  
**Joint Administrators**  
**23 May 2010**

Name of Assignment

Mercury Inns Group Limited

00149205

## Summary of Time Charged and Rates Applicable

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVERT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B Steps an Appointment			1 00	379 00			9 16	1,835.00					9 16	1,835.00	200 33
C Planning and Strategy			3 30	1,148.10			10 05	2,401.50	5 45	953.75	1 25	110 00	1 00	379 00	379 00
D. General Administration			44 95	17,988.05			16 30	3,879.10					20 05	4,613.35	230 09
E Assets Realisation/Dealing	12 50	8,002.50	11 00	5,478 00			5 65	1,554 00					61 25	21,867.15	357 01
F Trading Related Matters			0 30	113 70			0 70	168 00	10 25	1,127.50			11 25	1,409 20	125 26
G. Employee Matters							2 55	611.30					2 55	611.30	239 73
H Creditor Claims			11 80	4,948.20			24 65	5,916.00	3 00	330 00			42 45	13,129 20	309 29
I Reporting	3 00	1,255 00					0 50	120 00					1 50	499 00	332 67
J Distribution and Closure			1 00	379 00											
	15 50	9,997.50	75 35	30,434.05	0 00	0 00	69 56	16,286.50	18 70	2,411.25	1 25	110 00	178 36	59,339 70	
														0 00	
														941 21	
														-34,774.66	
														25,400.25	

Net Total

Secretarial Expense

Other Disbursements

Billed

Grand Total

Name of Assignment

GW 1016 Limited

00149222

## Summary of Time Charged and Rates Applicable

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVRT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B Steps on Appointment			1 00	379.00			4 42	1,060.00					4 42	1,060.00	239.82
C Planning and Strategy			5 75	1,937.00			25 25	8,956.75	9 95	1,741.25	2 00	176.00	1 00	379.00	379.00
D General Administration			45 20	18,320.80			14 90	3,544.15					42 95	9,811.00	228.43
E Assets Realisation/Dealing							116 07	27,770.15					60 10	21,864.95	563.81
F Trading Related Matters									2 00	220.00			116 07	27,770.15	239.15
G Employee Matters			0 30	113.70			1 45	348.00					3 75	681.70	181.79
H Creditor Claims			1 00	379.00			7 20	1,726.95					8 20	3,105.95	256.82
I Reporting			19 25	3,884.75			25 20	6,048.00					35 45	9,932.75	230.19
J Distribution and Closure							1 50	360.00					1 50	360.00	240.00
K Work							2 78	666.00					2 78	666.00	239.57
	0.00	0.00	63.50	25,014.25	0.00	0.00	198.77	47,480.00	11.95	1,961.25	2.00	176.00			

Net Total

276.22

74,631.50

Secretarial Expense

0.00

Other Disbursements

732.49

Billed

-50,042.15

Grand Total

25,321.84

Name of Assignment

Mercury Inns

00149213

## Summary of Time Charged and Rates Applicable

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
D General Administration	9.50	6,127.50	5.45	1,783.40			24.65	5,833.75	10.10	1,676.50	9.00	792.00	49.20	10,085.65	204.09
E Assets Realisation/Dealing			53.75	20,371.25			40.90	9,799.20					104.15	36,297.95	348.52
F Trading Related Matters			3.00	1,137.00			94.60	22,615.80					97.60	23,752.80	243.37
G Employee Matters							2.05	483.95	21.75	2,260.80			23.80	2,744.45	115.31
H Creditor Claims							9.90	2,373.20					9.90	2,373.20	239.72
I Reporting			8.00	3,032.00			7.55	1,811.69	0.75	82.50			16.30	4,926.19	302.22
J Distribution and Closure							1.50	360.00					1.50	360.00	240.00
	9.50	6,127.50	70.20	26,323.65	0.00	0.00	181.15	43,277.59	32.60	4,019.50	9.00	792.00	302.45	80,540.24	

Net Total

Secretarial Expense

Other Disbursements

Grand Total

302.45	80,540.24
	0.00
	1.00
	80,541.24