

The Insolvency Act 1986

Administrator's progress report

Name of Company

Target PIL Core Limited

Company number

04108922

In the High Court of Justice
Chancery Division
Companies Court

Court case number

2476 of 2008

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

We (a) Alastair Paul Beveridge, Simon Jonathan Appell and James John Gleave of Zolfo Cooper (formerly Kroll Limited), 10 Fleet Place, London, EC4M 7RB

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

(b) Insert dates

from

to

(b) 27 September 2008

(b) 26 March 2009

Signed

Joint Administrator

Dated

7/4/09

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

Russell Parkin, Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

Tel

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



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COMPANIES HOUSE

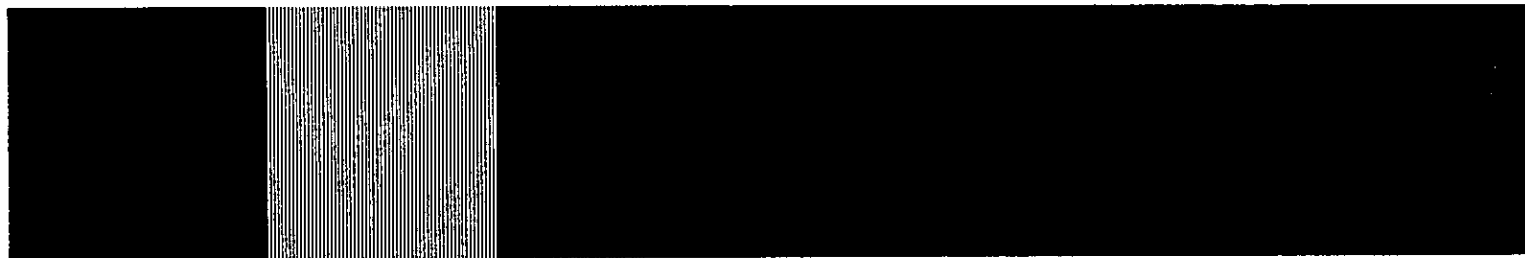
THURSDAY

**Joint Administrators'
Progress Report**

**For the Period
27 September 2008 to 26
March 2009**

**Target PIL Core Limited -
In Administration**

26 March 2009



zc ZOLFO COOPER

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1 Statutory Information

- 1.1 I was appointed Joint Administrator of Target PIL Core Limited (the **Company**) together with Simon Jonathon Appell and James John Gleave on 27 March 2008 by the High Court of Justice, Chancery Division, Companies Court. The application for the appointment of an Administrator was made by the Directors of the Company.
- 1.2 As stated in the Joint Administrators' Proposals, the Company is part of the Laurel Group of Companies (the **Group**), a large managed-house operator formerly comprising 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 Administration is being handled by Zolfo Cooper's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.4 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 2476 of 2008.
- 1.5 The registered office of the Company is 10 Fleet Place, London, EC4M 7RB, having been changed from Porter Tun House, 500 Capability Green, Luton, LU1 3LS, following my appointment. The Company's registered number is 04108922.
- 1.6 The functions of the Joint Administrators (the **Administrators**) may be exercised by either or all, acting jointly or alone.
- 1.7 Please note that following the recent completion of a Management Buy-Out (MBO) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations.
- 1.8 Please also note that with effect from 1 January 2009, myself and my partners S J Appell and J J Gleave are all now licensed by the Insolvency Practitioners Association.

2 Progress of the Administration

- 2.1 Attached at Appendix A is my Receipts and Payments Account for the period from 27 September 2008 to 26 March 2009 and cumulative from 27 March 2008 to 26 March 2009.

- 2.2 As previously reported, 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**). The Pumpster Landlords were placed into Administration on 27 June 2008 and the affairs of these entities are being handled by Ernst and Young (the **Propco Administrators**).
- 2.4 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**).
- 2.5 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. 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**).
- 2.6 However, it subsequently became apparent that the CSA would not complete. As a result, the Administrators commenced new discussions with Newco.
- 2.7 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 a sale of 89 of the Pumpster Sites was completed on 12 August 2008.
- 2.8 Detailed below is a breakdown of the proceeds received 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

- 2.9 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that no assets were sold to a Director of the Company.
- 2.10 A further sale of an additional 12 Pumpster sites was completed to JD Weatherspoon on 12 November 2008, and the proceeds allocated as below. The Administrators are currently negotiating with the Propco Administrators to surrender the Groups' interest in the remaining Pumpster sites and anticipate this will take place shortly.

Company	Total (£)
The Laurel Pub Company Limited	3,750
Yates Group Limited	1,250
	<hr/> 5,000

- 2.11 No consideration has been allocated to the Company since it held no interest in any of the above assets, nor does it hold any interest in the remaining Pumpster Sites.

Other Property Realisations

- 2.12 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**).
- 2.13 The Company held interest in 15 of 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.
- 2.14 My solicitors, Sidley Austin LLP, have confirmed that any premiums realised are payable to The Laurel Pub Company Limited, which held the beneficial interest in the leases. As such, no funds will be received by the Company.
- 2.15 A summary of the progress in respect of the leases held by the Company is provided below:

	No of sites
Assignments Completed	4
Surrenders offered but not accepted	11
	<hr/> 15

Business Rates Refunds

- 2.16 To date I have realised the sum of £7,244 in respect of overpayments on business rate accounts prior to my appointment. I do not anticipate any further realisations from this source.

Rent Income

- 2.17 This represents monies received from Newco to make payments for Opco Good sites where leases have yet to be assigned. There will be no realisations from this source.

3rd Party Contributions

- 2.18 This represents sums received from the Opco Banks to pay the Company's insurance costs and legal fees during the Administration. In addition, a further contribution will be made by the Opco Banks to cover the Administrators time costs and the expenses incurred.

Other income

- 2.19 I have realised the sum of £4,121 in respect of overpayments of rents made prior to my appointment, in addition to bank interest of £40 accrued during the Administration.

3 Assets still to be Realised

Hand back sites

- 3.1 Of the 186 Opco sites sold (noted at 2.5 above) Newco have, for a number of reasons, been unable to assign leases for ten of these properties. In light of this, Newco has requested that it hand back these sites to the Administrators, and have offered to pay the sum of £100,000 for the benefit of unsecured creditors, to facilitate this. The entities which hold the leases of the proposed hand back sites are the Company, The Laurel Pub Company Limited and Yates Group Limited. Newco has made this offer conditional on the Administration periods of these entities, in addition to the Administration period of Yates's Wine Lodges Limited, being extended, to allow it to complete the outstanding assignments of the remaining Opco Good leases.

3.2 The £100,000 proceeds are to be split as below:

Company	Total (£)
The Laurel Pub Company Limited	35,000
Yates Group Limited	20,000
Target PIL Core Limited	30,000
Yates's Wine Lodges Limited	15,000
	<hr/> 100,000

3.3 The Administrators deemed it was in the best interest of the Company's creditors to accept this offer, as it will result in a realisation of £30,000, which will, subsequent to the outstanding lease assignments being completed, allow the Company to be placed into Liquidation and a distribution to be made to creditors. Without this, as previously stated, the Company would be dissolved at the end of the Administration as it would have no funds to distribute to creditors.

4 Administrators' Remuneration

4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.

4.2 The Joint Administrators' time costs at 26 March 2009 are £59,876. This represents 266 hours at an average rate of £226 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.

Administration and Planning

4.4 The Administrators' time spent here incorporates the statutory duties of the Administration, initial statutory notices to creditors and the Court, case strategy matters, travel time, administration time, and cashiering time.

Investigations

- 4.5 The time in this category represents the statutory investigations undertaken into the conduct of the Directors of the Company.

Realisation of Assets

- 4.6 Time in this category represents time spent identifying assets within the Group, time spent realising these assets and allocating as appropriate.

Trading

- 4.7 Time spent under this heading is in relation to the Group's trading receipts received into the various bank accounts held by the companies in the Group.

Creditors

- 4.8 This represents time spent dealing with creditors, including correspondence and telephone calls received, in addition to handling queries.

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, as employees of the Group were contracted to work for The Laurel Pub Company Limited or Yates Group Limited.

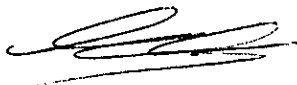
Unsecured Creditors

- 5.3 As noted above above, the sum of £30,000 will be received from Newco in respect of the hand back sites, and this will enable a distribution to be made to unsecured creditors.
- 5.4 As the Opco Banks did not hold any security over the assets of the Company, there is no requirement for the Administrators to ring fence a proportion of the floating charge realisations for the benefit of the unsecured creditors in an Unsecured Creditors' Fund.

6 Ending the Administration

- 6.1 As set out above, the Company still holds the legal title to a number of the Opco Good leases. These lease assignments are being progressed by Newco and remain ongoing at present. The Administrators applied to Court to extend the Administration period by six months to enable Newco to complete these assignments, and the Court granted an extension to 26 September 2009 on 23 March 2009. Newco has agreed to pay the costs associated with this extension and thus this will be no detriment to the creditors of the Company.
- 6.2 In order to facilitate the distribution noted above, 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), once the outstanding assignments have been finalised. The Administrators expect that the Company will be placed into Creditors' Voluntary Liquidation (CVL) within the next six months. Following the Administrators proposals, creditors approved that the Administrators will also become the Liquidators of the CVL.
- 6.3 The Joint 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 Joint 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
Target PIL Core Limited



AB **Alastair Beveridge**
Joint Administrator

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Receipts and Payments Account for the Period from 27 September 2008 to 26 March 2009 and cumulative from 27 March 2008 to 26 March 2009

Appendix A

27 September 2008 to 26 March 2009

S of A (£) INCOME

Total (£)

- Rent from Newco
- 3rd Party Contribution - Insurance
- Bank Interest Gross

926,330.82
1,696.78
40.00

928,067.60

EXPENDITURE

- Bank Charges
- Rent For Newco
- Suspense Account
- Insurance of Properties
- Stationery & Postage
- Bank Charges

20.00

982,334.63

52,704.25

1,696.78

191.83

22.76

1,036,970.25

Balance

(108,902.65)

MADE UP AS FOLLOWS

- VAT Receivable
- Floating Interest Bearing
- VAT Payable
- Floating Vat Control A/c
- Fixed VAT Receivable

(10,434.38)

(115,109.90)

2,736.40

7,692.23

6,213.00

(108,902.65)

27 March 2008 to 26 March 2009

S of A (£) INCOME

Total (£)

-	Rent from Newco	626,719.00
-	3rd Party Contribution - Insurance	1,696.78
-	Business Rate Refunds	7,243.62
-	Bank Interest Gross	40.34
-	3rd Party Contribution - Legal Fees	6,500.00
-	Rents Overpayments and Refunds	4,121.02
		<hr/>
		646,320.76

EXPENDITURE

Bank Charges	20.00
Rent For Newco	626,719.00
Insurance of Properties	1,696.78
Legal Fees	6,500.00
Stationery & Postage	191.83
Bank Charges	116.81
	<hr/>
	635,244.42

Balance

11,076.34

MADE UP AS FOLLOWS

Floating Interest Bearing	11,042.75
VAT Payable	(6,213.00)
Floating Vat Control A/c	33.59
Fixed VAT Receivable	6,213.00
	<hr/>
	11,076.34

Time Analysis for the Period from 27 September 2008 to 26 March 2009
2009 and cumulative from 27 March 2008 to 26 March 2009

Appendix B

27 September 2008 to 26 March 2009

	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	2.0	25.6	-	27.9	7,741.00	277
Creditor Reporting	0.5	1.9	13.4	0.1	15.9	4,343.00	273
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	-	1.3	-	1.3	312.00	240
Job Administration	-	1.1	3.0	0.5	4.6	1,232.50	268
Cash Accounting and Time Records	0.1	3.2	10.6	13.3	27.2	5,952.50	219
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	0.1	-	-	0.1	39.00	390
Internal Documentation and IT	-	0.5	0.4	-	0.9	283.00	314
Investigations							
D Reports	-	-	-	-	-	-	-
Other Investigations	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	-	0.8	0.8	100.00	125
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Debtors							
Debt Collection	-	-	-	-	-	-	-
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	0.3	-	0.3	79.50	265
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	-	24.6	2.2	26.8	6,644.00	248
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Trading							
Initial Actions	0.6	-	-	-	0.6	313.50	523
Cash Accounting	-	-	0.1	0.2	0.3	54.50	182
Ongoing Trading Activities	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Creditors							
Initial Actions	-	-	3.4	-	3.4	861.00	253
Creditor claims	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Employees	-	-	-	-	-	-	-
Totals	1.5	8.8	82.7	17.1	110.1	27,955.50	254

TARGET PIL CORE LIMITED - IN ADMINISTRATION

27 March 2008 to 26 March 2009

	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	0.6	3.1	32.2	0.6	36.5	10,050.50	275
Creditor Reporting	1.5	3.5	29.0	1.2	35.2	9,554.00	271
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	1.1	4.3	1.4	6.8	1,623.50	239
Job Administration	-	2.3	4.1	4.3	10.7	2,389.00	223
Cash Accounting and Time Records	0.6	3.7	28.7	30.5	63.5	13,427.00	211
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	0.1	-	-	0.1	39.00	390
Internal Documentation and IT	-	1.1	2.0	0.9	4.0	1,027.00	257
Investigations							
D Reports	-	0.1	3.4	0.2	3.7	876.00	237
Other Investigations	1.1	-	-	-	1.1	544.50	495
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	1.0	2.8	3.8	590.00	155
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	1.3	-	1.3	312.00	240
Realisation of Assets - Debtors							
Debt Collection	-	-	0.1	1.6	1.7	224.00	132
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	0.8	0.8	100.00	125
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	0.3	-	0.3	79.50	265
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	0.1	28.7	11.2	38.0	8,308.00	219
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	0.1	-	0.1	27.00	270
Trading							
Initial Actions	1.0	6.0	1.9	0.2	9.1	2,999.50	330
Cash Accounting	0.1	-	0.5	9.8	10.4	1,412.00	136
Ongoing Trading Activities	-	0.4	0.4	5.3	6.1	910.50	149
Internal and External Communications	-	-	0.4	17.0	17.4	2,233.00	128
Creditors							
Initial Actions	-	0.8	9.2	4.5	14.5	3,080.50	212
Creditor claims	-	-	-	0.3	0.3	37.50	125
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	0.1	-	-	0.1	32.50	325
Employees	-	-	-	-	-	-	-
Totals	4.90	22.40	145.60	92.60	265.50	59,876.50	226

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

Appendix C

1 Policy

Detailed below is Zolfo Cooper'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
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

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. Gerald Eve, Atis Real and Goodman Nash were engaged across the Group on a contingent fee basis, to enable them to recover sums due to any of the various Administration entities. No recoveries have been made for the Company in this respect, and as such no fees have been paid from the Company.

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 prior approval by creditors before they are paid and whilst it is unlikely that any Category 2 disbursements will be incurred on the case, appropriate approval will be sought before any such expenses are paid.

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2009 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	550
Partner 2*	495
Director	430
Senior Associate:	
Senior Associate 1*	390
Senior Associate 2*	350
Associate/Analyst:	
Associate	290
Analyst*	265
Junior Analyst and Support Staff:	
Junior Analyst*	140
Senior Treasury Associate	210
Treasury Associate	140
Support Manager	315
Support Administrator	75
Secretary / PAs / Reception	75
*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	