

The Insolvency Act 1986

**Administrative
Receiver's Report****S.48(1)**

Pursuant to Section 48(1) of the
Insolvency Act 1986 and Rule 3.8(3) of
the Insolvency Rules 1986

To the Registrar of Companies

For Office Use

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Company Number

00122634

Insert full name
of company

Name of Company


Springwood Plc

We, Ian Best, Alan Lovett and Simon Allport

of One Colmore Row
Birmingham
B3 2DB

Administrative Receivers of the company attach a copy of our report to creditors and a
copy of the statement of affairs of the Company

Signed



Dated

29.3.04.

For Office Use

Liquidation
Section

Post Room

Presenter's name,
address and reference
(if any):

Susan Brennan
Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

Ref: IB/SB/LC/C5.1



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30/03/04

Springwood Plc
Springwood Leisure Limited
Both In Administrative Receivership
Joint Administrative Receivers' Report
Pursuant to Section 48 of The Insolvency Act 1986

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Introduction

1. Introduction

- 1.1 We, I Best, A Lovett and S Allport were appointed Joint Administrative Receivers of Springwood Plc and Springwood Leisure Limited ("Springwood") on 9 February 2004 by Lloyds TSB Bank plc ("Lloyds") under the powers contained in debentures dated 20 July 2001 and on 19 February 2004 by First Leisure Trading Limited ("First Leisure") under the powers contained in debentures dated 12 August 2002. I Best, A Lovett and S Allport were also appointed Administrators of Kingfisher Leisure Limited ("KL") on 19 February 2004 (together "the Companies" or "the Group").

Section 2

Statutory and Historical Information

Statutory Information

- | | | | |
|-----|--------------------|--|--|
| 2.1 | Company Name: | Springwood Plc ("PLC") | Springwood Leisure Limited ("SL") |
| 2.2 | Company Number: | 00122634 | 01778634 |
| 2.3 | Registered Office: | Chancery House
Rosebery Road
Anstey
Leicestershire
LE7 7EL | Chancery House
Rosebery Road
Anstey
Leicestershire
LE7 7EL |
| 2.4 | Trading Addresses: | Details set out in Appendix 2. | |

Directors and Secretary and their Shareholdings at the date of Appointment

- | | | | | |
|-----|---------------|------------------------------|----------------|-----------------------------|
| 2.5 | <u>Name</u> | <u>Director or Secretary</u> | <u>Company</u> | <u>Current Shareholding</u> |
| | C Clegg | Director | PLC & SL | 15,777 (PLC) |
| | M Marley | Director and Secretary | PLC & SL | 12,000 (PLC) |
| | S Mugglestone | Director | PLC & SL | - |
| | W Gore | Director | PLC | - |
| | A Hall | Director | PLC | - |
| | J Wagstaff | Director | PLC | - |

Messrs Gore, Hall and Wagstaff have subsequently resigned their directorships since our appointment.

Statutory and Historical Information

Historical Information

- 2.6 The Group parent company, Springwood Plc, is an AIM listed nightclub operator. At the date of appointment there were 31 nightclubs owned by the Group of which 24 were trading.
- 2.7 The Group's head office is located in Anstey and it employed approximately 966 employees at the date of appointment. The Group structure is attached as Appendix 1.
- 2.8 PLC holds the head office freehold property and the Wigan leasehold property. SL holds a number of leasehold properties including the core "Zanzibar" branded units, together with properties acquired from First Leisure Trading Limited in August 2002. KL holds properties acquired from Kingfisher Plc in August 2001 predominantly trading under the McClusky's brand.
- 2.9 I Best, S Allport and A Lovett were appointed Joint Administrators of KL on 9 February 2004. This appointment was followed by a further confirmatory appointment on 24 February 2004.

Events Leading up to the Appointment of the Administrative Receivers

3.1 The Group's recent financial results can be summarised as follows:

Springwood Plc

<u>£000's</u>	<u>To</u> <u>31 Dec 03</u> <u>(unaudited)</u>	<u>To</u> <u>31 Dec 02</u> <u>(audited)</u>	<u>To</u> <u>31 Dec 01</u> <u>(audited)</u>
Turnover	28,751	32,368	26,623
Cost of Sales	(5,415)	(6,110)	(5,260)
	<hr/>	<hr/>	<hr/>
	23,336	26,258	21,363
<i>Gross profit %</i>	81.17%	81.12%	80.24%
Administrative Expenses	(22,842)	(20,795)	(15,292)
Exceptional Items	(47,675) (a)	(358) (b)	(1,925) (c)
	<hr/>	<hr/>	<hr/>
Operating Profit/(Loss)	(47,181)	5,105	4,146

- (a) £45,578,000 (impairment) and £2,097,000 (other).
(b) Professional fees on aborted equity fund raising, provision for pension scheme deficit, loss on sale of fixed assets.
(c) Revaluation of properties, acquisition of Kingfisher and impact of the Independent Insurance insolvency.

Springwood Leisure Limited

<u>£000's</u>	<u>To</u> <u>31 Dec 03</u> <u>(unaudited)</u>	<u>To</u> <u>31 Dec 02</u> <u>(audited)</u>
Turnover	19,880	21,130
Cost of Sales	(3,355)	(3,654)
	<hr/>	<hr/>
	16,525	17,476
<i>Gross profit %</i>	83.12%	82.71%
Administrative Expenses	(14,984)	(14,376)
Exceptional Items	(35,154) (a)	(338) (b)
	<hr/>	<hr/>
Operating Profit/(Loss)	(33,613)	2,762

- (a) £33,057,000 (impairment) and £2,097,000 (other).
(b) Loss on sale of fixed assets.

Events Leading up to the Appointment of the Administrative Receivers

Section 3

Kingfisher Leisure Limited

<u>£000's</u>	<u>To</u> <u>31 Dec 03</u> <i>(unaudited)</i>	<u>To</u> <u>31 Dec 02</u> <i>(audited)</i>
Turnover	8,871	7,241
Cost of Sales	(2,060)	(1,575)
	<u>6,811</u>	<u>5,666</u>
Gross profit %	76.78%	78.25%
Administrative Expenses	(7,858)	(4,258)
Exceptional Items	(12,521) (c)	(176) (d)
Operating Profit/(Loss)	(13,568)	(1,232)

(c) Impairment charge.

(d) Loss on sale of fixed assets.

- 3.2 Nightclub operators have experienced increased competition over the last 18 months and this has severely impacted the Group's profitability. In December 2003 the Group announced a £46 million write-down of its property portfolio.
- 3.3 In August 2002, the parent company acquired seven sites from First Leisure for deferred consideration of £3.5 million. The parent company had paid £400,000 on account and the final payment of £3.1 million was due to be paid on 11 February 2004.
- 3.4 The Group's Directors had been negotiating with both First Leisure and a number of its landlords to reschedule or reduce certain financial commitments as part of a refinancing of the Group.
- 3.5 During January 2003, the Group's short term cash flow forecast indicated that the Group would breach its banking facilities during the second week in February.
- 3.6 A winding up petition was issued against SL on 3 February 2004. The Directors obtained a validation order which allowed trading to continue whilst negotiations with key creditors were concluded.
- 3.7 The Directors' attempts to restructure the business and secure additional funding for the Group were ultimately unsuccessful. Consequently, the Directors concluded that they should take professional advice regarding the future viability of the Companies.
- 3.8 On 9 February 2004, the Directors requested the appointment of I Best, A Lovett and S Allport as Joint Administrative Receivers of PLC and SL. I Best, A Lovett and S Allport were also appointed as Joint Administrators of KL on 9 February 2004.

Conduct of the Receivership

- 4.1 The appointments were accepted by I Best, S Allport and A Lovett at 1.50pm on 9 February 2004. The Receivers' staff attended the head office and all trading premises on 9 February 2004 to take control of the business.
- 4.2 The decision was taken to enable the Company to continue to trade for a limited period in order to retain customer goodwill and to provide an opportunity to seek to sell its business and assets as a going concern.
- 4.3 Immediately following our appointment, we spoke to all major suppliers and received strong support for our decision to trade the business whilst a going concern sale was being sought.
- 4.4 Upon our appointment, a review of the trading activities highlighted that three of the units were uneconomic to trade and as a result on 11 February 2004 the clubs at Plymouth, Bristol and Kidderminster were closed with the loss of 95 jobs.
- 4.5 An advertisement was placed in the Financial Times on 13 February 2004. In response to the advert, 17 parties registered an interest in the business as a whole and 58 parties registered interest in individual units. These interested parties were sent a brief information memorandum following suitable confidentiality undertakings and certain parties are likely to be given supervised access to a data room, so that they can formulate their final offers.
- 4.6 The deadline for indicative offers was 25 February 2004. At the date of writing these offers are still being reviewed.

Amounts due to Secured Creditors

- 5.1 The amounts due to secured creditors are estimated as follows:-

The Group has two secured lenders:

<u>Lender</u>	<u>Debt (£ million)</u>	<u>Comments</u>
Lloyds	40.0	Fixed and floating "all monies" debentures with cross guarantees from all Group companies.
First Leisure	3.2	PLC and SL have granted security in favour of First Leisure in relation to the outstanding deferred consideration.

- 5.2 Lloyds TSB's charge was executed on 20 July 2001 and First Leisure's was executed on 12 August 2002.

Preferential Creditors

- 6.1 There are no preferential creditors in PLC, however, preferential creditors in SL at the date of appointment are estimated at £70,000 in respect of holiday pay only. We envisage that these creditors will be paid in full.

Non-Preferential Creditors

- 7.1 Given the substantial shortfall to secured creditors, we do not anticipate that there will be sufficient funds available from the realisation of assets to enable any distribution to non-preferential creditors in either of the Companies.

Statement of Affairs

- 8.1 The Directors at the date of writing this report have not submitted their Statement of Affairs. The Directors legally have 21 days to complete these forms. Upon receipt of these forms we will distribute to the Creditors upon request or at the Section 48 meeting if available.

Receipts and Payments

- 9.1 The Joint Administrative Receivers' Consolidated Abstracts of Receipts and Payments Accounts for the period from appointment to 22 February 2004 are attached as Appendix 3.

Meeting of Creditors

- 10.1 A meeting of creditors will be held at the Tower Ballroom, Reservoir Road, Edgbaston, Birmingham at 12 pm on Wednesday 24 March 2004 to receive our report on the conduct of the receiverships. Directions to the Tower Ballroom are attached as Appendix 4. This report will be presented at the meeting and no further information is expected to be available.

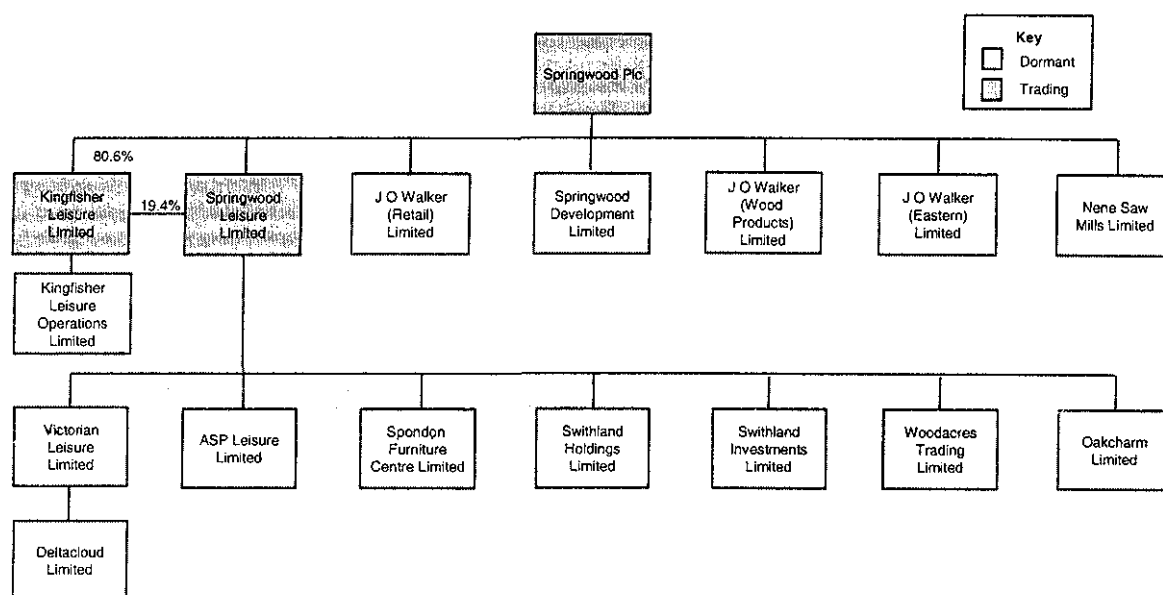


I Best, S Allport and A Lovett
Joint Administrative Receivers

The Joint Administrative Receivers contract only as agents of Springwood Plc and Springwood Leisure Limited and contract without personal liability.

The Institute of Chartered Accountants in England and Wales authorises I Best, A Lovett and S Allport to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

Group Structure



Trading Locations

SPRINGWOOD PLC

Wigan Kudos	10 Anjou Boulevard, Robin Park, Wigan, Lancashire, WN5 0UJ
Head Office	Chancery House, Rosebery Road, Anstey, Leicestershire, LE7 7EL

SPRINGWOOD LEISURE LIMITED

Stockton Zanzibar	88/91 High Street, Stockton on Tees, TS18 1AA
Newport Zanzibar	40 Stow Hill, Newport, Gwent, NP20 1JG
Stafford Zanzibar	139 Newport Road, Stafford, Staffordshire, ST16 2EZ
Leicester Zanzibar	Gravel Street, Leicester, LE1 3AG
Chesterfield Zanzibar	Cavendish Street, Chesterfield, S40 1UY
Derby Zanzibar	London Road, Derby, DE1 2PA
Birmingham Tower	Reservoir Road, Edgbaston, Birmingham, B16 9EE
Birmingham Zanzibar	Hurst Street, Birmingham, B5 4HE
Osgathorpe Stockyard	Ashby Road, Osgathorpe, Loughborough, LE12 9SR
Kidderminster	Castle Road, Kidderminster, West Midlands, DY11 6TH
Barnsley Theatre	Wellington Street, Barnsley, South Yorks, S70 1SS
Newcastle Zanzibar	Hassell Street, Newcastle under Lyme, ST5 1BU
Barnsley Pharoahs	Wellington Street, Barnsley, South Yorks, S70 1SW
Newport Cobarna	9 Bridge Street, Newport, Gwent
Manchester Mode	Peter Street, Manchester, M2 3NQ
Darlington	67-69 Gladstone Street, Darlington, DL3 6JU
Blackburn	Lord Square, Blackburn, BB1 7JA
Sunderland	Holmeside, Sunderland, SR1 3HY
Rochdale	Unit 3, Sandbrook Park, Rochdale, OL11 1RY
Blackpool	Palatine Buildings, Central Promenade, Blackpool, FY1 4TQ

Consolidated Receipts and Payments Accounts

Joint Administrative Receivers' Abstract of Receipts and Payments to 22 February 2004

RECEIPTS	TOTAL
	£000
Receivership Sales	726
Misc income	47
	<hr/> 773

PAYMENTS	TOTAL
	£000
Purchasers	1
Payroll	60
DJ cost	12
Ransom creditors	9
	<hr/> 82
Balance in hand	691
	<hr/> 773

Directions to Section 48 Meeting

PROXY (Administrative Receivership)

Notes to help completion
of this form

Springwood Plc In Administrative Receivership

Please give full name and
address for
communication.

NAME OF CREDITOR _____

ADDRESS _____

Please insert name of person
(who must be 18 or over) or
the "Chairman of the
Meeting" (see note below).
If you wish to provide for
alternative proxy-holders in
the circumstances that your
first choice is unable to
attend please state the
name(s) of the
alternative(s).

NAME OF PROXY HOLDER

1 _____

2. _____

3. _____

Please delete words in
brackets if the proxy-holder
is only to vote as directed
i.e. if he/she has no
discretion.

I appoint the above person to be my/the* creditor's proxy-holder at the meeting of
creditors to be held on _____ or at any adjournment of that meeting. The proxy-holder
is to propose or vote as below (and in respect of any resolution for which no
specific instruction is given, may vote or abstain at his/her* discretion).

VOTING INSTRUCTIONS FOR RESOLUTIONS

For the appointment _____

of _____

representing _____

as a member of the creditors' committee.

This form must

SIGNATURE _____

be signed

DATE _____

NAME IN CAPITAL LETTERS _____

Only to be completed if
the member has not
signed in person.

**Position with member or relationship to creditor or other authority for
signature** _____

(*- Delete as applicable)

Remember: there may be resolutions on the other side of this form.

PROXY (Administrative Receivership)

Notes to help completion
of this form

Springwood Leisure Limited In Administrative Receivership

Please give full name and
address for
communication.

NAME OF CREDITOR _____

ADDRESS _____

Please insert name of person
(who must be 18 or over) or
the "Chairman of the
Meeting" (see note below).
If you wish to provide for
alternative proxy-holders in
the circumstances that your
first choice is unable to
attend please state the
name(s) of the
alternative(s).

NAME OF PROXY HOLDER

1 _____

2. _____

3. _____

Please delete words in
brackets if the proxy-holder
is only to vote as directed
i.e. if he/she has no
discretion.

I appoint the above person to be my/the* creditor's proxy-holder at the meeting of
creditors to be held on _____ or at any adjournment of that meeting. The proxy-holder
is to propose or vote as below (and in respect of any resolution for which no
specific instruction is given, may vote or abstain at his/her* discretion).

VOTING INSTRUCTIONS FOR RESOLUTIONS

For the appointment _____

of _____

representing _____

as a member of the creditors' committee.

This form must

SIGNATURE _____

be signed

DATE _____

NAME IN CAPITAL LETTERS _____

Only to be completed if
the member has not
signed in person.

**Position with member or relationship to creditor or other authority for
signature** _____

(*- Delete as applicable)

Remember: there may be resolutions on the other side of this form.

INSOLVENCY ACT 1986
MEETING OF CREDITORS

Springwood Leisure Limited (In Administrative Receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48 of the Insolvency Act 1986, that a meeting of the creditors of the Company will be held at Birmingham Tower, Reservoir Road, Edgbaston, Birmingham, B16 9FF at 12.00pm on 24 March 2004 to receive the report of the Joint Administrative Receivers and to decide if a committee of creditors should be appointed.

Creditors whose claims are wholly secured are not entitled to attend or to be represented at the meeting.

Creditors who intend to vote at the meeting should note the following:

- 1 A written statement of claim must be lodged with the Administrative Receivers by 12 noon on the business day before the meeting at Ernst & Young LLP, One Colmore Row, Birmingham, B3 2DB.
- 2 Proxies for use at the meeting must be completed and lodged with the Administrative Receivers before the meeting.



I Best

Joint Administrative Receiver

25 February 2004

The Joint Administrative Receivers contract only as agents of the Company and without personal liability.

The Institute of Chartered Accountants in England and Wales authorises Ian Best, Alan Lovett and Simon Allport to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

INSOLVENCY ACT 1986
MEETING OF CREDITORS

Springwood PLC (In Administrative Receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48 of the Insolvency Act 1986, that a meeting of the creditors of the Company will be held at Birmingham Tower, Reservoir Road, Edgbaston, Birmingham, B16 9FF at 12.00pm on 24 March 2004 to receive the report of the Joint Administrative Receivers and to decide if a committee of creditors should be appointed.

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- 2 Proxies for use at the meeting must be completed and lodged with the Administrative Receivers before the meeting.



I Best

Joint Administrative Receiver

25 February 2004

The Joint Administrative Receivers contract only as agents of Company and without personal liability.

The Institute of Chartered Accountants in England and Wales authorises Ian Best, Alan Lovett and Simon Allport to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

Springwood Plc (In Administrative Receivership)

Administrative Receiver's comments on the Statement of Affairs.

Assets specifically pledged.

The total bank debt of circa. £38 million has not been included.

The properties are valued on a going concern basis, assuming a disposal period of 12 months.

Assets subject to floating charge.

The Company is a party to the Group VAT registration. The amount due to HM Customs & Excise is estimated at circa. £1,058,000. This liability has not been included in the non-preferential claims.

Intra Group debtors are not expected to realise any value.

Please note, that there does not appear to be any costs of realisation in the attached statement of affairs.



Ian Best
Joint Administrative Receiver

The Joint Administrative Receivers act as agent of the Company and contract expressly without personal liability.

The Institute of Chartered Accountants in England and Wales authorises I Best, A Lovett and S Allport to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.