

The Insolvency Act 1986

**Notice of deemed approval of proposals**Name of Company  
Herondeal LimitedCompany number  
05131265

In the High Court of Justice

Court case number  
7447/2011(a) Insert name(s) and  
address(es) of  
administrator(s)

I (a) Richard Rones of ThorntonRones Limited, 311 High Road, Loughton, Essex, IG10 1AH

(b) Insert name and address  
of registered office of  
companyhaving been appointed administrator(s) of (b) Herondeal Limited 311 High Road Loughton,  
Essex, IG10 1AH(c) Insert date of  
appointment

on (c) 23 August 2011 by (d) Mr Stephen Stuart Conway ('the director')

(d) Insert name of applicant /  
appointor

hereby give notice that

(e) Insert date

having made a statement under paragraph 52(1) of Schedule B1 and no meeting having been  
requisitioned under paragraph 49 of that Schedule, the proposals sent by me on (e) 17 October  
2011 were deemed to have been approved on (e) 31 October 2011

Signed

Administrator

Dated

**Presenter's 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.

ThorntonRones Limited

311 High Road, Loughton, Essex, IG10 1AH

Tel- 0208 418 9333

DX

SATURDAY



\*A00TXZ6T\*

A02

12/11/2011

81

When completed and signed please  
send it to the Registrar  
of Companies at

Companies House, Crown Way, Cardiff,  
CF14 3UZ DX33050 Cardiff

# **Herondeal Limited - In Administration**

## **Administrator's Report and Statement of Proposals**

**17 October 2011**

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## HERONDEAL LIMITED - IN ADMINISTRATION

### 1 Statutory Information

- 1.1 The registered number of Herondeal Limited ("the Company") is 05131265
- 1.2 The trading address of the Company is 3<sup>rd</sup> Floor, Sterling House, Langston Road, Loughton, IG10 3TS. The business trades under its registered name.
- 1.3 The registered office of the Company has been changed from 3<sup>rd</sup> Floor, Sterling House, Langston Road, Loughton, IG10 3TS to 311 High Road, Loughton, Essex, IG10 1AH.
- 1.4 Details of the Company's directors, secretary and shareholders are as follows:

	Date appointed	Date resigned	Shares held
<b>Director(s)</b>			
Stephen Stuart Conway	18/06/2004	-	
<b>Secretary</b>			
Allan William Porter	24/01/2011	-	
<b>Shareholder</b>			
Galliard Homes Limited	-	-	1.00

### 2 Background to the Administration

- 2.1 Herondeal Ltd ("the Company") is a wholly owned subsidiary of Galliard Homes Limited, a well known and well established property developer.
- 2.2 The Company was formed in 2004 in order to acquire a plot of land located in Ilford Essex. The plot in question used to house a large nightclub however, following its demolition, it was the Company's intention to develop the site into 138 residential units and 1 commercial unit, the construction of which would be funded via secured loans from Alpha Bank (London) Limited and C J O'Shea (Group) Limited.
- 2.3 By November 2004, plans had been drawn up and submitted to the local authority for approval. Approval was granted, however, in association with this planning approval the Company was required to enter into a Section 106 agreement under the Town and Country Planning Act 1990.

## HERONDEAL LIMITED - IN ADMINISTRATION

- 2.4 A Section 106 agreement is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Benefits are secured either in kind or via financial contributions depending on what is required.
- 2.5 In this instance the S106 obligation included, but were not limited to, the following financial contributions totalling circa £2.8 Million
- S106 monitoring contribution of £2,500
  - CCTV contribution of £59,000
  - Employment contribution of £128,400
  - Highway Works contribution of £82,250
  - Affordable Housing contribution of £1,965,362
  - Community Care contribution of £51,350
  - Education contribution of £227,962
  - Heath contribution of £154,500
  - Public Arts contribution of £135,000
  - Public Open Space contribution of £29,675
- 2.6 The original costing for this project showed that the development could achieve total sale proceeds of circa £33 million once complete, therefore, the Company agreed to the terms of this agreement.
- 2.7 The Ilford project was completed toward the end of 2009, unfortunately, by this time the "Credit Crunch" had hit the UK economy and the housing market had begun to weaken amidst rumours of a recession. This economic instability caused buyers to retreat from the marketplace and resulted in the Company making a 9% loss on the projected resale value of the finished development as they were forced to reduce the sale price of the units.
- 2.8 In addition to this, the Company also incurred unforeseen losses in terms of legal and agent's fees as a number of the units suffered from buyers pulling out and having to be remarketed and resold.

- 2 9 Despite the losses made of this project the local authority was still expecting the S106 obligations to be adhered to in line with the original estimates, however, as a result of the reduced profit on this project the Company found its self struggling to meet its liabilities to the local authority and other creditors
- 2 10 The Company attempted to negotiate with the local authority in order to reduce this liability and in mid 2011 the Company's parent made attempts to settle with the local authority but this was not possible to complete Thereafter, legal proceedings were issued against the Company
- 2 11 The director, being mindful of the Company's financial position, sought the professional advice of an Insolvency Practitioner Accordingly, he met with Richard Rones of ThorntonRones Limited in late August 2011, and after discussing the situation, he decided to place the Company in Administration as this appeared to be the best course of action for all parties concerned
- 2 12 This decision was taken by Mr Conway as he was aware that the best possible outcome for the Company's creditors as a whole would be achieved if the Company's sole asset, being the freehold interest in the Ilford development, could be secured and sold therefore an Administration was considered to be the best course of action as it would enable a moratorium to be immediately effected to protect the Company's asset for the benefit of all creditors
- 2 13 Accordingly, with the consent of the sole secured creditor, Richard Rones of ThorntonRones Limited a licensed insolvency practitioner, was appointed Administrator of the Company by the director on 23 August 2011
- 2 14 The Administration is registered in the High Court under reference number 7447 of 2011

### **3 Administration Strategy and Objective**

- 3 1 The Administrator must perform his functions with the purpose of achieving one of the following objectives
- rescuing the Company as a going concern,
  - 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
  - realising property in order to make a distribution to one or more secured or preferential creditors

- 3 2 Further information on the pursuance of the above objectives is detailed below
- 3 3 The Company's sole asset is the freehold interest of the Ilford development. Therefore the strategy at the time of the Administrators appointment was to secure this asset and arrange for its sale within Administration as it was envisaged that this would allow the sole secured creditor to be repaid in full therefore meeting the third objective
- 3 4 Following the Administrators appointment a valuation of the freehold interest was undertaken, this valuation indicated that the freehold interest in the Ilford development had a value of approximately £725,000, which would have enabled not only a full return to the secured creditor but would also have allowed for a dividend to the unsecured creditors
- 3 5 Unfortunately however it appears that the terms of Section 106 agreement with the local authority (which is detailed within the history above) places a responsibility on the property itself with regard to the payment of the S106 obligation, therefore, the obligation to pay the debt under the S106 agreement would pass to any purchaser rendering this asset worthless
- 3 6 It is the Administrators intention to hold discussions with local authority whereby the S106 liability is released from the property to enable its sale. In turn it is hoped that an agreement will be reached whereby the sale consideration achieved is split between the local authority and the charge holder on a mutually agreeable basis. Negotiations will need to be held with the local authority and the charge holder in this respect and it is the Administrators intent to begin this process shortly
- 3 7 Notwithstanding the above, the Administrator is still pursuing the third objective and hopes to be able to reach an amicable agreement with all parties in due course

#### **4 Administrator's Receipts and Payments**

- 4 1 A summary of receipts and payments for the Administration period from the date of my appointment to 17 October 2011 is attached as Appendix A

#### **5 Financial Position**

- 5 1 Attached as Appendix B is a summary of the Estimated Financial Position of the Company as at 17 October 2011, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them)

## 6 Proposals

- 6.1 It is proposed that the Administrator will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that
- 6.2 As the Administrator thinks that the Company has no property which might permit a distribution to its creditors, he will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.
- 6.3 The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 6.4 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Administrator shall be fixed by resolution of a meeting of creditors or where the Administrator thinks that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2.106 of the Insolvency Rules 1986. The Administrator will also seek approval for any unpaid pre-administration costs detailed in this report and his discharge from liability in the same manner.
- 6.5 In this case, the Administrator is seeking to approve the basis of his remuneration as follows
- By reference to the time properly spent by the Administrator and his staff in attending to matters arising in the Administration to be drawn as and when funds are available.
- 6.6 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrator will seek to be authorised to draw Category 2 disbursements as and when funds are available, in accordance with his firm's published tariff. Details of Category 2 disbursements charged by the firm can be found in Appendix E.
- 6.7 The Administrator will also seek to be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.



## **7 Exit Routes**

### ***Dissolution of the Company***

- 7 1 As the Administrator thinks that the Company has no property which might permit a distribution to its unsecured creditors, it is proposed that he file a notice together with his final progress report at Court and with the Registrar of Companies for the dissolution of the Company. He will send copies of these documents to the Company and its creditors. The Administrator's appointment will end following the registration of the notice by the Registrar of Companies.

## **8 Pre-administration Costs**

- 8 1 Prior to the appointment, the Administrator was required to undertake work on behalf of the Company. This included, but was not limited to, the following tasks:

- Preparing all necessary documentation to give both notice of intention to appoint an Administrator and obtain the Administrator's appointment,
- Discuss strategy with the secured creditors,
- Advise director on the Administration process and agree strategy.

- 8 2 I attach as Appendix D a time analysis for the period leading up to the Administrator's appointment which provides details of the activity costs incurred by staff grade up to 23 August 2011. This shows that time costs for the pre appointment period total £3,034.10, this represents 12.70 hours at an average rate of £238.91. To date, no fees have been drawn against these time costs.

- 8 3 The payment of unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrator's proposals. As the Administrator thinks that the company has insufficient property to enable a distribution to be made to the unsecured creditors, approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2.67A.

## 9 Administrator's Remuneration

- 9.1 The Administrator's time costs at 17 October 2011 are £8,748.90. This represents 33.30 hours at an average rate of £262.73 per hour. As noted in the Proposals section above, the Administrator is seeking to fix the basis of his remuneration on a time costs basis. Appropriate approval will be sought as outlined in section 6 of this report.
- 9.2 A copy of "A Creditors' Guide to Administrator's fees" is available on request or can be downloaded from [www.icaew.co.uk/insolvency](http://www.icaew.co.uk/insolvency). If you would prefer this to be sent to you in hard copy, please contact Jennifer Munday of this office on 0208 418 9333.
- 9.3 Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.
- 9.4 Attached as Appendix E is additional information in relation to my firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 9.5 I provide below a brief outline of the work undertaken under each respective time code heading.

### Administration & Planning/Case Specific

A total of 16.60 hours has been spent by the Administrator and his staff under this heading. The type of work undertaken relates mainly to the completion of statutory paperwork and all associated case administration; these tasks include:

- Collating creditor information and inputting the same onto IPS,
- Preparing initial notification to creditors,
- Setting up case and cash files,
- Advertising of the Administrators appointment,
- Notifying all relevant parties of the Administrators appointment,
- Preparing the relevant notices requesting the completion of the Statement of Affairs,
- Requesting submission of relevant information from directors,
- Arranging for insurances and bonding of assets where required and completing all associated paperwork.

These tasks were assigned to members of staff depending upon their relevant experience and knowledge, however the majority of the statutory paperwork was completed by the case manager with all other tasks mainly undertaken by administrators and support staff.

Creditors

A total of 16 70 hours has been spent by the Administrator and his staff under this heading. This time has been spent specifically dealing with creditors and their enquires, as well as dealing with the collation and registration of creditor claims.

Whilst standard enquires and tasks in this respect have been managed by support staff, the majority of creditor contact has been dealt with by the case manager and, in exceptional circumstances, the Administrator.

**10 Estimated Outcome**

- 10.1 An estimate of the outcome of the Administration as at 17 October 2011 is attached as Appendix F. This indicates that there will potentially be a return to the secured creditors in this instance, however, there are insufficient assets to enable a distribution to the unsecured creditors.

**11 Next Report**

- 11.1 The Administrator is required to provide a progress report within one month of the end of the first six months of the Administration.

**12 Meeting of Creditors**

- 12.1 The Administrator thinks that the Company has insufficient property to enable a distribution to be made to the unsecured creditors. In accordance with Paragraph 52 (1) (b) of Schedule B1 of The Insolvency Act 1986 an initial meeting of the Company's creditors is therefore not being convened. The Administrator is however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify him in writing in the prescribed form on or before 31 October 2011. In the absence of any such request, the proposals will be deemed approved.

**HERONDEAL LIMITED - IN ADMINISTRATION**

Should you have any queries with regard to this matter please do not hesitate to contact Jennifer Munday of this office

Yours faithfully  
For and on behalf of  
Herondeal Limited

A handwritten signature in black ink, appearing to read 'R. Rones', with a stylized flourish at the end.

Richard Rones  
Administrator

Enc

**Herondeal Limited  
(In Administration)**

**Income and Expenditure Account  
23 August 2011 to 17 October 2011**

**INCOME**

**Total (£)**

---

**0 00**

---

**EXPENDITURE**

Specific Bond

20 00

---

**20.00**

---

**Balance**

---

**(20.00)**

---

**MADE UP AS FOLLOWS**

Court Fee

35 00

Travel Expenses

4 50

Statutory Advertising

170 14

ThorntonRones

(229 64)

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**(20 00)**

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**HERONDEAL LIMITED**  
**ESTIMATED FINANCIAL POSITION**  
**AS AT 17 OCTOBER 2011**

	Book Value		Estimated to Realise	
	£	£	£	£
<b>FIXED ASSETS</b>				
Freehold Interest in 246-250 High Road Ilford		-		-
Ground Rents		49,016		49,016
Less C J O'Shea Group Limited - Fixed Charge		(500,000)		(500,000)
Surplus/(Deficit)		<u>(450,984)</u>		<u>(450,984)</u>
<b>Surplus available to Preferential Creditors</b>				-
<b>Preferential Creditors</b>				
None		-		-
<b>Estimated Surplus to Unsecured Creditors</b>		-		-
<b>Unsecured Creditors</b>				
Trade & Expense Creditors	2,957,942		2,957,942	
Associated Creditor Loans	740,000		740,000	
Shortfall to Secured Creditor on Freehold Property	450,984		450,984	
		<u>(4,148,926)</u>		<u>(4,148,926)</u>
<b>Surplus/ (Deficit) to Members</b>		<u><u>(4,148,926)</u></u>		<u><u>(4,148,926)</u></u>

Appendix B Cont

**ThorntonRones Ltd  
Herondeal Limited  
Company Creditors**

Key	Name	Address	£
<b><u>Secured Creditors</u></b>			
CC00	C J O'Shea Group Limited	Granard Business Centre, Bunns Lane, Mill Hill, London, NW7 2DZ	500,000 00
Total			<b><u>500,000 00</u></b>
<b><u>Associated Creditors</u></b>			
CG00	Galliard Homes	3rd Floor, Sterling House, Langston Road, Loughton, IG10 3TS	150,000 00
CG01	Galliard Construction	3rd Floor, Sterling House, Langston Road, Loughton, IG10 3TS	590,000 00
Total			<b><u>740,000 00</u></b>
<b><u>Unsecured Creditors</u></b>			
CL00	London Borough of Redbridge	128/142 High Road, Town Hall, Ilford, Essex, IG1 1DD	2,932,196 20
CA00	Adagenda Media	Lasenby House, 32 Kingsly Street, London, W1B 5QQ	322 75
CB00	British Gas	PO Box 254, Camberley, Surrey, GU15 3WA	4,217 80
CE00	Essex & Suffolk Water Company	PO Box 292, Durham, DH1 9TX	3,166 39
CF00	First Utility	PO Box 4360, Warwick, CV34 9DB	4,154 38
CH00	H M Customs & Excise	Central Insolvency Sift Team, Legal Recovery Unit, 3NW, Queens Dock, Liverpool L74 4AA	2942
CH01	Howard Kennedy	Harcourt House, 19 Cavendish Square, London, W1A 2AW	9,939 91
CR00	Rider Levett Bucknall	2nd Floor, 60 New Bond Street, London, EC2M 1JJ	699 13
CS00	St Johns Ambulance	5 Broadfield House, Sheffield, S8 0XN	303 15
Total			<b><u>2,957,941 71</u></b>

# Time Entry - SIP9 Time & Cost Summary

H164 - Herondeal Limited  
Project Code POST  
From 23/01/2011 To 17/10/2011

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.30	3.50	0.00	1.70	5.50	1,198.50	217.91
Case Specific Matters	0.40	10.50	0.20	0.00	11.10	2,948.90	265.67
Creditors	2.20	14.50	0.00	0.00	16.70	4,601.50	275.54
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>2.90</b>	<b>28.50</b>	<b>0.20</b>	<b>1.70</b>	<b>33.30</b>	<b>8,748.90</b>	<b>262.73</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

APPENDIX C



## Time Entry - SIP9 Time & Cost Summary

H164 - Herondeal Limited  
 Project Code PRE  
 To 23/08/2011

Classification of Work Function Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	2 00	5 00	0 00	0 20	2,031 60	282 17
Case Specific Matters	0 00	3 00	0 00	2 50	1,002 50	182 27
Creditors	0 00	0 00	0 00	0 00	0 00	0 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00
<b>Total Hours</b>	<b>2 00</b>	<b>8 00</b>	<b>0 00</b>	<b>2 70</b>	<b>3,034 10</b>	<b>238 91</b>

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

**Appendix E**

**1 Policy**

Detailed below is this firm'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**

The 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, a Manager, and an Administrator or Assistant. 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. Our charge out rate schedule below provides details of all grades of staff and their experience level.

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
AUA Insolvency Risk Services	Specific Bond

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 by ThorntonRones Limited for the provision of services which include an element of recharged overhead, for example, room hire or document storage.

On this case the following Category 2 disbursements have been incurred since appointment:

Type and purpose	£
Fax	3.00
Photocopy	1.00
Postage	12.60
Total	16.60

### 2 Charge-out Rates

A schedule of ThorntonRones Limited charge-out rates for this assignment effective from 1 April 2011 is attached.

## HERONDEAL LIMITED

Appendix F

ESTIMATED OUTCOME STATEMENT AND COMPARISON  
AS AT 17 OCTOBER 2011

	Notes	Book Value		Administration Estimated to Realise		Liquidation Estimated to Realise	
		£	£	£	£	£	£
<b>Fixed Charge</b>							
Freehold Interest in 246-250 High Road, Ilford	1	-	-	-	-	-	-
Ground Rents on Freehold Property	2	49 016	49 016	49 016	49 016	49 016	49 016
Less C J O Shea Group Limited Fixed Charge		(500 000)	(500 000)	(500 000)	(500 000)	(500 000)	(500 000)
Surplus/(Deficit)		(450 984)	(450 984)	(450 984)	(450 984)	(450 984)	(450 984)
<b>Less: Cost of Realisation</b>							
Estimated Agents Fees		(10 000)	(10 000)	(10 000)	(10 000)	(10 000)	(10 000)
Estimated Administrators/Liquidator's Fees		(30 000)	(30 000)	(30 000)	(30 000)	(30 000)	(30 000)
Legal Fees (Including Pre Appt Costs)		(8 000)	(8 000)	(8 000)	(8 000)	(8 000)	(8 000)
Administrators/Liquidator's Disbursements		(1 500)	(1 500)	(1 500)	(1 500)	(1 500)	(1 500)
<b>Total Costs</b>		(49 500)	(49 500)	(49 500)	(49 500)	(49 500)	(49 500)
<b>Surplus available to Preferential Creditors</b>		(49 500)	(49 500)	(49 500)	(49 500)	(49 500)	(49 500)
<b>Preferential Creditors</b>							
None							
<b>Estimated Surplus to Unsecured Creditors</b>		(49 500)	(49 500)	(49 500)	(49 500)	(49 500)	(49 500)
<b>Unsecured Creditors</b>							
Trade & Expense Creditors		2 957 942	2 957 942	2 957 942	2 957 942	2 957 942	2 957 942
Associated Creditor Loans		740 000	740 000	740 000	740 000	740 000	740 000
Shortfall to Secured Creditor on Freehold Property		450 984	450 984	450 984	450 984	450 984	450 984
		(4 148 926)	(4 148 926)	(4 148 926)	(4 148 926)	(4 148 926)	(4 148 926)
<b>Surplus/ (Deficit)</b>		(4 198 426)	(4 198 426)	(4 198 426)	(4 198 426)	(4 198 426)	(4 198 426)
<b>Estimated Dividend to Unsecured Creditors - Pence in the £</b>		Nil	Nil	Nil	Nil	Nil	Nil

**Notes****1 Freehold Interest in 246-250 High Road, Ilford**

A valuation of this asset has been completed by Messrs Lambert Smith Hampton. A liability in excess of the estimated realisable value may attach to this property under a Section 106 entered into with the local authority. As a result this freehold property may not hold any value within the Administration.

**2 Ground Rents**

The Book Value for this asset is based upon the ground rent due for a period of 12 months. The ground rents will remain due to the Company until the transfer of the freehold. As its is uncertain when and if the freehold will be transferred an allowance for a full 12 months ground rent has been made within the estimated outcome.