

The Insolvency Act 1986

Administrator's Final Progress Report

Name of Company Herondeal Limited	Company number 05131265
In the High Court	Court case number 7447 of 2011

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

I (a)

Richard Rones of
ThorntonRones Limited ,
311 High Road,
Loughton,
Essex, IG10 1AH

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

(b) Insert dates

from

to

(b) 1 August 2012

(b) 15 February 2013

Signed

Administrator

Dated

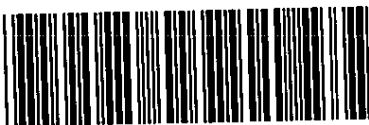
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Contact Details*

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.

Richard Rones of ThorntonRones Limited	
311 High Road Loughton Essex, IG10 1AH	
	Tel - 0208 418 9333
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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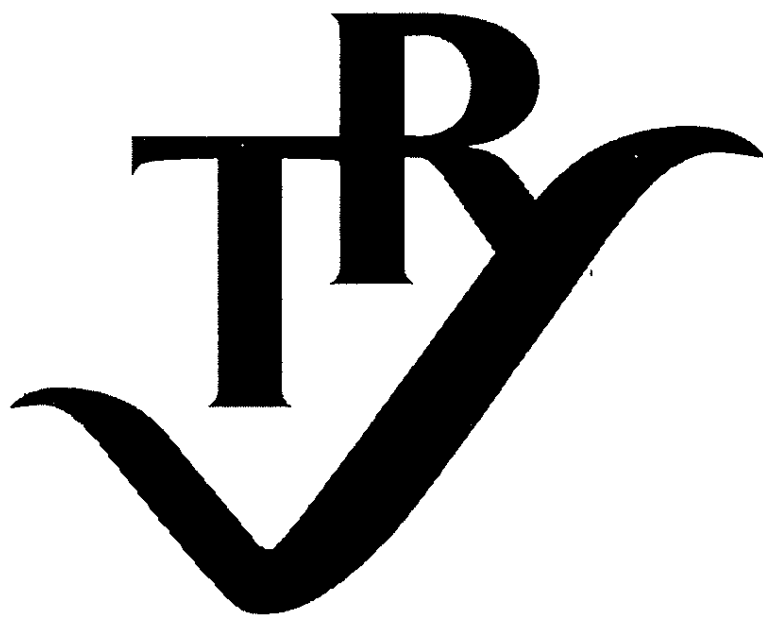
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COMPANIES HOUSE

Herondeal Limited - In Administration



Administrator's Final Progress Report

**For the Period
1 August 2012 to 15 February 2013**

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APPENDICES

- A Receipts and Payments Account from 1 August 2012 to 15 February 2013 together with a cumulative Receipts and Payments Account for the period from 23 August 2011 to 15 February 2013
- B Time Analysis for the period 1 August 2012 to 15 February 2013
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1 Statutory Information

- 1 1 I was appointed Administrator of Herondeal Limited ("the Company") on 23 August 2011. The appointment of an Administrator was made by Mr Conway, the Company director.
- 1 2 This Administration is being handled by Richard Rones of ThorntonRones Limited, 311 High Road, Loughton, Essex, IG10 1AH.
- 1 3 The Administration is registered in the High Court, under reference 7447 of 2011.
- 1 4 The trading address of the Company is 3rd Floor, Sterling House, Langston Road, Loughton, IG10 3TS. The business trades under its registered name.
- 1 5 The registered office of the Company is 311 High Road, Loughton, Essex, IG10 1AH and its registered number is 05131265.

2 Administrator's Proposals

- 2 1 As previously advised, 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.
- 2 2 Upon his appointment, the Administrator envisaged that the third objective would be pursued within the Administration, and the strategy for achieving this objective was simply to arrange for a sale of the Company's sole asset, being its freehold interest in a property development located in Ilford, Essex ("the property"), which it was envisaged would allow for partial discharge of the secured creditor's debt.
- 2 3 Following the Administrator's appointment however, a valuation was undertaken which showed that the Property had a potential value of circa £725,000, which would not only allow for the secured creditor to be discharged in full, but would also enable a return to unsecured creditors.

- 2 4 Unfortunately however it also came to light that, under the terms of a Section 106 agreement entered into with the local authority at the inception of planning consent for the development, a financial responsibility was attached to the freehold property itself with regard to the payment of the S106 obligation which, at the date of the Administrator's appointment, totalled in excess of £2million. This obligation had the effect of rendering this sole asset potentially worthless, unless an agreement could be reached between the secured creditor and the local authority.
- 2 5 Despite this, the Administrator's proposals envisaged the continued pursuance of the third objective, alongside negotiations with the local authority to seek removal of the S106 obligation, in exchange for a split of the sale proceeds of the property.
- 2 6 However, whilst these negotiations were still on-going, the Administrator identified a number of transactions within the Company's records which required further investigation (full details of which are provided at point 6 below). These investigations have since led to an agreement being entered into with the Company's parent, which will see substantial sums injected back into the Company.
- 2 7 These additional sums, alongside the expected sale proceeds from the disposal of the freehold property, have led to the Administrator negotiating an agreement with the secured creditor, the parent company, and the local authority, which will enable the property to be sold and the investigation issues satisfied.
- 2 8 It is envisaged that following these negotiations, the secured creditor will now be waiving its claim, and the proceeds of the investigation issues and the sale of the property will be made available to unsecured creditors (after discharge of the Administrator's/Liquidator's costs and expenses).
- 2 9 Accordingly, the Administrator has now been able to achieve the second objective and, following a recent revision of the proposals, the Administration was concluded and exited via Creditors Voluntary Liquidation on 15 February 2013, to enable the proceeds of the settlement to be received, the property to be sold, and the unsecured creditors to be agreed and a dividend paid.

3 Progress of the Administration

- 3 1 Attached at Appendix A is my Receipts and Payments Account for the period from 1 August 2012 to 15 February 2013, being the period from my last progress report to conclusion of the Administration, together with a cumulative account from the date of the Administrator's appointment to conclusion of the same.

Book Debts

- 3 2 Following my appointment it came to light that the Company had a debt owed to it from the estate of a bankrupt, this debt related to fees due upon termination of a contract of sale for one of the units within the Company's Ilford development. The individual in question paid this claim, totalling £18,363, in full in order to seek an annulment of their bankruptcy.

Ground Rents

- 3 3 Since the Administrator's appointment the sum of £30,182.89 has been realised in respect of the residential ground rents and £30,000 in respect of the commercial ground rent. These commercial and domestic ground rents are payable on an annual and quarterly basis respectively.
- 3 4 Agents, Ian Gibbs, have been instructed to deal with the Administration and collection of the residential ground rents on the Administrator's behalf. It has been agreed that their fee for acting in this respect will be set at 7.5% of the rental income collected post Administration.
- 3 5 Ian Gibbs has yet to render its account for work post Administration. However, it has been agreed that these fees once verified, will be deducted from the next tranche of rental monies received.
- 3 6 In respect of the commercial ground rents. Until recently the collection of these rents had been handled by the Administrator's office directly, however, as the tenant has recently indicated a desire to surrender the lease early - agents, Bridgeman Clarke Chartered Surveyors ("Bridgeman Clarke") - have been instructed to handle all matters relating to the commercial unit going forward - including the negotiation of any surrender and collection of any sums due from the tenant. Bridgeman Clarke's fee in this respect has been agreed at 10% of any surrender value (with a minimum fee of £2,000).
- 3 7 In addition to the above, I have recently been made aware that there is a third party who is interested in obtaining a lease for the "Mezzanine Area" of the Freehold Property, therefore I have also instructed Bridgeman Clarke to deal with this issue and negotiate the terms of the new lease, and the level of the premium/rental required. Bridgeman Clarke's fee in this respect has been agreed at 10% of the first year's rental.
- 3 8 Negotiations on all the above issues will continue within the Liquidation.

Freehold Property

- 3 9 As detailed in section 2 above, the freehold interest to the Ilford development (located at 246-250 High Road, Ilford), will be marketed and sold within the Liquidation and, to this end, agents Bridgeman Clarke have been appointed to deal with its re-valuation, marketing and sale, at an agreed fee of 1 25% of any sale consideration achieved

4 Administrator's Remuneration

- 4 1 Initially, the Secured Creditor approved that the basis of the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration
- 4 2 However, as matters progressed and the strategy and objectives within the Administration altered, the Administrator sought to obtain further consent to the basis of his remuneration from unsecured creditors via a revision to the proposals. Accordingly, unsecured creditors have also approved the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration
- 4 3 The Administrator's time costs for the period under review being, 1 August 2012 to 15 February 2013 are £12,601 65, representing 46 65 hours at an average rate of £276 05 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this final period in respect of the costs fixed by reference to time properly spent by me in managing the Administration
- 4 4 The Administrator's time costs from the date of his appointment, being 23 August 2011 to 15 February 2013 are £38,474 75. This represents 144 95 hours at an average rate of £265 43 per hour. Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade for this period
- 4 5 The Administrator has drawn £38,199 75 against these time costs, plus Category 2 disbursements of £400 12. The balance of the Administrator's remuneration of £275 00 will be drawn as an expense of the Liquidation
- 4 6 I provide below a brief outline of the work undertaken under each respective time code heading

Administration & Planning/Case Specific

A total of 67 05 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

HERONDEAL LIMITED - IN ADMINISTRATION

- 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,
- Preparing instructions to all appointed agents,
- Arranging for insurances and bonding of assets where required and completing all associated paperwork
- Liaising with Managing Agents re property
- Preparing progress reports and associated paperwork,
- Revising Proposals

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 task mainly undertaken by administrators and support staff

Creditors

A total of 19 60 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

Investigation

A total of 44 10 hours has been spent by the Administrator and his staff under this heading

Work in this respect has mainly been conducted by the case manager who has in main undertaken the following tasks,

- Pursued submission of Books and Records,
- Reviewed Accounts,
- Reviewed Bank Statements,
- Reviewed Creditor Statements,
- Prepared schedules of findings,
- Prepared a report under the Company Directors Disqualification Act 1986,
- Liaising with The Insolvency Service

HERONDEAL LIMITED - IN ADMINISTRATION

- Issuing letters to Director,
- Meeting with Director's representatives re Investigation Issues,
- Liaising with Largest Creditor re Investigation

Realisation of Assets

A total of 14 20 hours has been spent by the Administrator and his staff under this heading

The task of realising the Company's assets has been the main focus of the Administration thus far. Work in this respect has mainly been conducted by the Administrator, a case manager and junior professional staff, who have in main undertaken the following tasks,

- Liaising with appointed agents re Ground rents,
- Negotiating with Debtor
- Dealing with Debtor queries
- Issuing Invoices for Commercial Rent,
- Negotiating with 3rd parties re Settlement agreement

4 7 Attached as Appendix E is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

4 8 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from www.icaew.com/en/technical/insolvency/creditors-guides

5 Administrator's Expenses

5 1 The following expenses have been incurred since my appointment

Supplier/Service Provider	Nature of expense incurred	Amount incurred to date	Paid to date	Amount Outstanding
AUA Insolvency Risk Services	Specific Bond	50 00	50 00	0 00
Ian Gibbs	Agents Fee	3,366 72	1,103 00	2,263 72
Total Data Management	Storage Costs	56 27	56 27	0 00
TMP	Statutory Advertising	170 14	170 14	0 00
		3,643 13	1,379 41	2,263 72

6 Investigations

- 6 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (**BIS**). As this is a confidential report, I am not able to disclose the contents
- 6 2 As detailed in my previous reports, during the course of my investigations in this matter I discovered payments that were made to the Company's parent, which ought not have been made as they fell within the parameters of Section 239 of the Insolvency Act 1986 (preference payments). Accordingly, I sought reimbursement of these sums from the parent company
- 6 3 To date, no sums have been paid, however I have recently completed negotiating a settlement with the parent company, the secured creditor and the associated creditors in this matter which will not only see the parent company repay the sum of £1,937,220 to the Company via 36 monthly payments, but will also see all secured and associated creditors waving their claims against the Company
- 6 4 This agreement has been negotiated with full knowledge and consent of the Company's largest creditor, being London Borough of Redbridge, and will allow for a significant dividend to be made to the Company's creditors

7 Unrealised Assets

- 7 1 The following assets have yet to be realised and will now be dealt with by the Liquidator once appointed
- Freehold interest in Ilford Development,
 - Payments due under the settlement agreement with parent company,
 - Surrender value of commercial lease and possible lease premium for issue of a new "Mezzanine Lease"

8 Outcome for Creditors

- 8 1 An Outcome Statement as at 15 February 2013 is attached at Appendix D

Secured Creditors

- 8 2 C J O'Shea Group Limited holds a fixed charge over the Company's freehold interest in the Ilford development. At the date of the Administration the indebtedness to the secured creditor was estimated at £500,000. However, as detailed in sections 2 and 6 of this report, this creditor has agreed to waive their claim under an agreement recently entered into with the Liquidator.

Preferential Creditors

- 8 3 There are no preferential claims -

Unsecured Creditors

- 8 4 I have received claims totalling £6,425,544 from 6 creditors. However £3,178,847 of these claims will be waived as they relate to claims of associated creditors, which are excluded under the terms of the settlement agreement (detailed at point 2 and 6 above).
- 8 5 I have yet to receive claims from 7 creditors whose debts total £22,803 as per the Company's statement of affairs.
- 8 6 As detailed within the Estimated Outcome Statement attached at Appendix D, unsecured creditors are expected to receive a dividend of approximately 78 pence in the £ within the Liquidation (subject to the costs of Liquidation).

9 Creditors' rights

- 9 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive.

10 Ending the Administration

- 10.1 The Administration was exited via Creditors Voluntary Liquidation on 15 February 2013, at which point the Administrator became the Liquidator
- 10.2 The Administrator was discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 following his appointment as Administrator ceasing to have effect on 15 February 2013

For and on behalf of
Herondeal Limited

A handwritten signature in black ink, appearing to read 'R. Rones', written over a horizontal line.

Richard Rones
Former Administrator

Appendix A

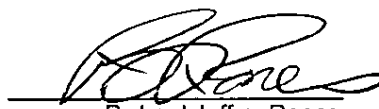
**Herondeal Limited
(In Administration)**

Summary of Receipts & Payments

RECEIPTS	From 01/08/2012 To 15/02/2013 (£)	Cumulative Total (£)
Ground Rent - Residential	0 00	30,182 89
Book Debts	0 00	18,363 00
Ground Rent - Commercial	15,000 00	30,000 00
Bank Interest Gross	11 57	19 42
	<u>15,011 57</u>	<u>78,565 31</u>
PAYMENTS		
Specific Bond	0 00	50 00
Pre Appt Time Costs (As Approved)	0 00	3,034 10
Office Holders Fees	23,199 75	38,199 75
Court Fee	0 00	35 00
Travel Expenses	8 55	13 05
Stationery & Postage	0 00	40 97
Agents Costs Re Raphael House	0 00	1,103 00
Storage Costs	0 00	56 27
Statutory Advertising	0 00	170 14
Cat 2 Disbursements	400 12	400 12
	<u>23,608 42</u>	<u>43,102 40</u>
Net Receipts/(Payments)	<u><u>-8,596 85</u></u>	<u><u>35,462 91</u></u>

MADE UP AS FOLLOWS

Vat Receivable	3,721 68
Fixed Current A/c	37,741 23
Vat Payable	-6,000 00
	<u><u>35,462 91</u></u>


 Richard Jeffrey Rones
 Former Administrator

Time Entry - SIP9 Time & Cost Summary

H164 - Herondeal Limited
Project Code POST
From 01/08/2012 To 15/02/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.40	2.50	2.50	3.85	9.25	1 520.65	164.39
Case Specific Matters	0.30	13.50	0.50	0.00	14.30	3 881.50	271.43
Creditors	0.60	0.00	1.00	0.00	1.60	338.00	211.25
Investigations	7.50	4.50	0.00	0.00	12.00	3 900.00	325.00
Realisation of Assets	7.80	0.70	0.00	0.00	8.50	2 961.50	348.41
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	16.60	21.20	4.00	3.85	45.65	12,601.65	276.05
Total Fees Claimed							35,799.75
Total Disbursements Claimed							0.00

Time Entry - SIP9 Time & Cost Summary

H164 - Herondeal Limited
Project Code POST
From 23/08/2011 To 15/02/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	2 20	9 70	2 90	12 25	27 05	4,926 25	182 12
Case Specific Matters	1 40	37 50	1 10	0 00	40 00	10 761 20	269 03
Creditors	3 20	15 00	1 40	0 00	19 60	5 266 80	268 71
Investigations	10 10	34 00	0 00	0 00	44 10	12,631 50	286 43
Realisation of Assets	13 00	1 20	0 00	0 00	14 20	4 889 00	344 30
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	29 90	97 40	5 40	12 25	144 95	38,474 75	265 43
Total Fees Claimed						35,789 75	
Total Disbursements Claimed						0 00	

Appendix C

HERONDEAL LIMITED

ESTIMATED OUTCOME STATEMENT

AS AT 15 FEBRUARY 2013

	Administration/Liquidation Estimated to Realise		Realised to Date		Estimated Future		Total
	£	£	£	£	£	£	£
Fixed Charge							
Freehold Interest in 248-250 High Road Ilford		725 000		-	725 000		725 000
Agents/Legal Fees		(21 750)			(21 750)		(21 750)
Liquidator's Cost of Sale fixed at 10% (To be agreed)		(72 500)			(72 500)		(72 500)
C J O'Shea Group Limited - Fixed Charge - Waived		(500 000)		-	-		-
Section 106 Agreement - LB of Redbridge		(2 832 196)					
Surplus/(Deficit)		(2 801 446)		-	630 750		630 750
Floating Charge							
Net Ground Rents (Commercial/Domestic)		-		60 183	24 418		84 601
Estimated Property Costs for 6 months to sale		-		(1 103)	(4 325)		(5 428)
Surplus		-		59 080	20 093		79 172
Surplus from Ground Rents		-		59 079 89	20 092 60		79 172 49
Surplus From Freehold Property		-		-	630 750 00		630 750 00
Surrender of Commercial Lease/Issue Mezzanine Lease		-		-	Uncertain		Uncertain
Book Debts		-		18 363 00	-		18 363 00
Settlement Agreement Parent Company		-		0 00	1 937 220 00		1 937 220 00
Bank Interest		-		19 42			19 42
Total				77 462 31	2 588 062 60		2 665 524 91
Less Cost of Realisation							
Agents Fee Surrender Lease/Issue Mezzanine Lease				-	Uncertain		Uncertain
Administrator's/Liquidator's Time Costs		(15 000)		(41 234)	(45 000)		(86 234)
Administrators/Liquidator's Disbursements		(1 500)		(766)	(2 500)		(3 266)
Total Costs		(16 500)		(41 999)	(47 500)		(89 499)
Surplus available to Preferential Creditors		(16 500)		35 463	2 540 563		2 576 026
Preferential Creditors							
None							
Estimated Surplus to Unsecured Creditors		(16 500)		35 463	2 540 563		2 576 026
Unsecured Creditors							
Trade & Expense Creditors		25 746					(25 746)
Shortfall to LB Redbridge		2 801 446					(3 243 756)
Associated Creditor Loans		740 000					
		(3 567 192)					(3 269 501)
Surplus/ (Deficit)		(3 563 692)					(693 476)
Estimated Dividend to Unsecured Creditors Pence in the £		Nil					78 79

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

Appendix E

1 Policy

Detailed below is ThorntonRones Limited'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. The 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.

On this case we have used the services of the following sub-contractors:

Service(s)	Provider	Basis of arrangement	Cost to date
Property Management	Ian Gibbs Property Management	7.5% of rental income per annum, plus expenses	£1,103
Property Agents	Bridgeman Clarke Chartered Surveyors	<u>Property Sale</u> – 1.25% of sale consideration <u>Surrender of Commercial Lease</u> – 10% of surrender value (minimum fee £2,000) <u>Mezzanine Lease</u> – 10% of first year rental	Nil

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
Lucus McMillan Jacobs (legal advice)	Hourly rate and disbursements
AUA Insolvency Risk Services (insurance)	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 are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

The Category 2 disbursements which have been incurred in this matter are as follows:

Type/Purpose	Cost £
Postage	89 07
Photocopying	191 00
Scanning	114 05
Fax	6 00
Total	400 12

Charge-out Rates

A schedule of ThorntonRones Limited's charge-out rates for this assignment effective from 1 April 2012 are attached as Appendix F.