

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company
HF Homes Limited

Company number
SC315895

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

I / We

(a) Colin Peter Dempster and Thomas Merchant Burton

of Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

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

from

to

(b) Insert date

(b)

12 June 2009

(b)

11 December 2009

Signed

[Signature]
Joint / Administrator(s)

Dated

18/12/09

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

Jennifer Thorpe

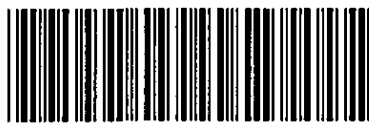
Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

Tel: 0131 777 2289

DX Number:

DX Exchange:

WEDNESDAY



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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF

(235 Edinburgh / LP 4 Edinburgh-2

TO ALL KNOWN CREDITORS

18 December 2009

Ref: CPD/GWW/JT/PF16.1
Direct line: 0131 777 2289
Direct Fax: 0131 777 2213
Jennifer Thorpe

Dear Sirs

HF Homes Limited (In Administration) ("the Company")

Registered office address: Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

I write, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 12 June 2009 to 11 December 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 3 February 2009 and the previous progress report to creditors dated 21 July 2009.

HF Homes Limited, registered number SC315895, entered administration on 12 December 2008 and C P Dempster and T M Burton ("the Administrators") were appointed to act as Administrators. The appointment was made by the Bank of Scotland plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986 and lodged in the Court of Session, Edinburgh. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

Summary of progress

As set out in the Administrators' Proposals, the Company's main assets were two partially complete development sites in Poole.

The site at Mount Road, Poole was acquired for £2.1m in September 2007 and had detailed planning permission for eighteen flats, of which fourteen were under construction on our appointment. A number of parties had expressed an interest in the site as a whole and a closing date was set for 19 June 2009. Following a review of the offers received, a preferred bidder was identified. This offer was progressed and the site was sold for £1,300,000 on 8 July 2009.

The Company's other site at Balcombe Road, Poole, is a single block of eight luxury flats where construction is substantially complete. The Administrators have concluded that the best option to maximise recoveries from the site will be to complete the development and sell the flats individually. We are in the final stages of completing a funding proposal which we expect will be put to the secured creditor shortly. Assuming the proposal is agreed, the completion works will commence with the flats being marketed thereafter. However, it is likely to be the middle of 2010 before sales are completed.



The Company's corporation tax position has yet to be agreed with HM Revenue and Customs.

Remaining assets

The Company's key remaining asset is the Balcombe Road site and I will provide a further update on progress on this site in my next progress report. The Directors' Statement of Affairs identified a small debt due from HMRC and steps are being taken to realise this outstanding VAT claim.

Extension of Administration

Given the outstanding issues in the Administration, the Administrators petitioned the Court of Session for an extension to the initial one year period of administration. The petition was heard on 9 December 2009 at which time the Court granted an extension to the period of administration to 12 December 2010.

Receipts and payments account

I enclose a receipts and payments account for the period 12 June 2009 to 11 December 2009. This does not reflect estimated future realisations or costs.

You will note from the Account that costs incurred to date have been met via an intercompany control account. To date, twenty-five companies within the Highmore Homes Group have entered administration. The Bank of Scotland plc have agreed that rather than provide funding to each individual company, the various administrations would be funded by a Group overdraft facility in Highmore Residential Limited (In Administration) ("Residential"). Accordingly, all costs are accounted for in each company but funded via the intercompany control account with Residential.

Certain costs have been incurred by Residential on behalf of the other Group companies, and these have been recharged accordingly.

Joint Administrators' remuneration and disbursements

Based on the current estimate of realisations from the Company's assets, the Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms of Rule 2.39(3)(b)(i) of the Insolvency (Scotland) Rules 1986 the Administrators' remuneration shall be agreed by the Secured Creditors.

Details of time spent and charge out rates will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators. To date, £63,960 of fees have been taken in this case.

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors Guide to Administrators Fees' a copy of which may be accessed from the website of the Insolvency Practitioners Association at

<http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

Secured Creditors

The Bank of Scotland plc, the Company's principal secured lender, had indebtedness at 12 December 2008 of £7,535,061. The lending is secured over the Company's property assets.

Preferential Creditors

As the Company had no employees we do not expect there to be any preferential creditors.

Non-preferential Creditors

It is estimated that total non-preferential claims will be in the region of £150,617.

The prescribed part

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland plc holds a floating charge created on 18 July 2007.

The Joint Administrators estimate, to the best of their knowledge and belief, that

- ▶ the value of the Company's net property is £Nil and
- ▶ the value of the prescribed part is £Nil

The Joint Administrators do not intend to make an application to the Court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part as there will be no funds available to the floating charge creditor.

Distributions to creditors

We are of the opinion that there will be insufficient property to enable a distribution to ordinary unsecured creditors.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
for HF Homes Limited



C P Dempster
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account

The Institute of Chartered Accountants of Scotland authorises CP Dempster and TM Burton to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986

The affairs, business and property of the Company are being managed by the Joint Administrators, CP Dempster and TM Burton, who act as agents of the Company only and without personal liability.

HF Homes Limited (In Administration)

**Joint Administrators' Abstract of Receipts and Payments
from 12 June 2009 to 11 December 2009**

Receipts	£
Brought forward	0.00
Sale of Mount Rd Site	1,300,000.00
Bank Interest received	530.02
Total	1,300,530.02
 Payments	
Brought forward	(109,862.05)
Security	(45,871.43)
Legal fees	(136.50)
Professional Fees	(13,160.65)
Administrators Fees	(54,771.00)
Total	(223,801.63)
	<u>1,076,728.39</u>
 Represented by	
VAT Payable	(8,944.57)
I/B current account	1,332,697.33
Intercompany account	(247,024.37)
	<u>1,076,728.39</u>