

## The Insolvency Act 1986

## Administrator's progress report

2.24B

Name of Company Cheval Property Developments Limited	Company number 04348496
In the High Court of Justice [full name of court]	Court case number 5009 of 2011

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

We (a) Malcolm Peter Fillmore and Ms Ranjit Bajon of Arundel House, 1 Amberley Court, Whitworth Road, Crawley, RH11 7XL

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

(b) Insert dates

from (a) 17 July 2013	to (b) 16 January 2014
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Signed

Joint Administrator -

M P Fillmore

Dated 31 January 2014

## 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 searches of the public record.

BM Advisory Arundel House, 1 Amberley Court Whitworth Road, Crawley RH11 7XL	
Tel 01293 410333	
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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**CHEVAL PROPERTY DEVELOPMENTS LIMITED – IN ADMINISTRATION**

**JOINT ADMINISTRATORS' PROGRESS REPORT  
FOR THE PERIOD 17 JULY 2013 TO 16 JANUARY 2014**

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Appendix 3 - Receipts and payments Account for the period of the report as well as an accumulative summary

**CHEVAL PROPERTY DEVELOPMENTS LIMITED (in Administration) ("The Company")**  
**Trading address of company: Mendien House, 69-71 Clarendon Road, Watford WD17 1DS**

**ADMINISTRATORS' PROGRESS REPORT FOR THE PERIOD 17 JULY 2013 TO 16 JANUARY 2014**  
**(Rule 2.47 of the Insolvency Rules 1986)**

**1. Introduction and Statutory Information**

- 1.1 On 20 June 2011, Malcolm Fillmore and Ms Ranjit Bajon were appointed Joint Administrators of the Company. This is our formal report on the progress of this Administration for the period 17 July 2013 to 16 January 2014.
- 1.2 The business of the Company was to provide bridging finance to customers, principally to assist them to acquire property for development. The Company took security over the property and Israel Discount Bank ("IDB") in turn took security over the Company's security. The Company traded from leasehold premises in Watford.
- 1.3 Attached as Appendix 1 are certain formal and statutory details which we are required to disclose and which include details relating to our costs as Administrators, further details of which are given in Appendix 2. Appendix 3 is a summary of our receipts and payments for the six month period to 16 January 2014 as well as to the date of this report.

**2. Progress of the Administration**

- 2.1 The Purposes of the Administration were to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up and realising property in order to make a distribution to one or more secured or preferential creditors. In practice, the latter purpose has been adopted.

- 2.2 As at the date of our appointment the company had outstanding loans against the following properties:

35-38 Friar Street Reading ("Friar Street")  
Seaton Heights Devon ("Seaton Heights")  
Thorn Farm Nr Canterbury Kent ("Thorn Farm")  
Carnick Court Hotel Southern Ireland ("Carnick Court")

**Friar Street**

- 2.3 Following our appointment we found that the charge over Friar Street had been transferred into the name of Cheval Property Finance Plc ("CPF") the parent Company and over which PWC had been appointed Administrators. As IDB continue to hold their sub charge over Friar Street, proceeds from the realisation of the security were payable to IDB. The ground floor and basement of the property had been sold to Land Investments prior to our appointment.

- 2.4 To overcome the potential control problems, we were also appointed as Joint LPA Receivers of Friar Street on 8 August 2011.

- 2.5 Land Investments acquired the upper floors and the freehold in April 2013 for £525,000.

**Seaton Heights**

- 2.6 Christie & Co had provided a formal valuation of Seaton Heights following which we consulted IDB and agreed a strategy for marketing and realising the property.

- 2.7 We had been approached in December 2011 by an agent who had previously introduced a possible purchaser to the owners. Contracts were issued with the intention of completing the sale by the end of April 2012. Progress was very slow and in October 2012 the interested party finally withdrew their existing offer and made a substantially reduced offer which was conditional on the local authority agreeing to amend a s106 agreement on the proposed planning application. The terms of this offer were unacceptable and we withdrew from the proposed sale.

- 2.8 A new interested party emerged in October 2012. Contracts were issued and after some considerable delays, the sale of Seaton Heights was finally completed on 9 July 2013 for £675,000.

- 2 09 We are now proceeding to seek recovery of the various personal guarantees given to the company

#### **Thorn Farm**

- 2 10 A change of planning use was granted in September 2012 over Thorn Farm to allow for offices/light industrial and storage/distribution. However it is considered by our agents that the planning permission as granted is in present market conditions uneconomic. We are therefore considering alternative options to maximise the potential value of Thorn Farm and its cottage. We have recently met with a local planning officer and are awaiting his feedback prior to submitting a planning application for a mixed housing/commercial development.
- 2 11 We are continuing to receive rental income of £700 per month from the tenant of Thorn Farm Cottage. While available for separate sale, the agreed strategy is to retain this while planning issues are resolved for the remainder of the site. We do not anticipate an early realisation.

#### **Carrick Court Hotel Southern Ireland**

- 2 12 The Company loaned Eugene Sheridan 2,539,626 Euros in February 2008 taking out a second charge over the property after Clydesdale Bank. Deloitte were appointed as LPA Receivers of Carrick Court Hotel in 2009 and we have seen a copy of the valuation report prepared for them.
- 2 13 We understand that a sale of Carrick Court has now been completed and that there were no funds for the second charge holder.

#### **PII Claims**

- 2 14 Prior to our appointment the Company made a PII claim for £144,000 against the solicitors who had acted in the purchase of Eatons Farm. The Company had at the time of the purchase taken out a Defective Title Insurance Policy. We instructed our solicitor to assist us in pursuing the claim and recently accepted £50,000 in full and final settlement of the Company's claims.
- 2 15 The Company had previously commenced a PII claim against the valuers of a property known as South Sands. The fruits of this action had however been assigned to CPF and had subsequently been transferred to Checked Limited ("Checked") under the sale agreement with PWC. However the legal action was being continued in the name of the Company. We discussed and agreed with Checked a protocol which would allow us to realise funds from the action. A settlement figure of £145,000 was agreed and paid to us, this was shared equally between the Company and Checked.
- 2 16 We have issued a PII claim against the valuers of Thorn Farm for £2.6 million. The insurers have instructed a firm of solicitors to deal with the matter with whom we are corresponding with.

#### **Other Matters**

- 2 17 As required by SIP2, I have invited creditors to provide the Administrators with information they may have on any concern regarding the way in which the company's business has been conducted, or on potential recoveries for the Administration estate. We have also considered the conduct of those who have been directors of the company (whether formally appointed as directors or not) at any time within the three years preceding the date of the Administration. We have now been appointed as joint liquidators of CPF, if there are any matters relating to the affairs of either company that you think should be drawn to our attention, please could you do so as soon as possible.

#### **Creditors**

- 2 18 IDB took specific fixed charges over the security held by the Company in relation to specific customers. The Company also granted a fixed and floating charge to IDB on 27 January 2011. At the date of the Administrators' appointment, the Company's indebtedness to IDB was £7,940,333, based on current information available, IDB will suffer a shortfall in respect of this security.
- 2.19 The Company has no preferential creditors,
- 2 20 Pursuant to Section 176A of the Insolvency Act 1986, where there is a floating charge which is dated after 15 September 2003, a prescribed part comprising from the company's net floating

charge property is to be set aside for distribution to the creditors taking into account the costs in relation of the distribution. We have not become aware of any assets which would be subject to the floating charge consequently the provisions of Section 176A do not apply.

**3 Assets remaining to be realised**

3.1 As at the date of this report, the following assets remain to be realised

- Thorn Farm Nr Canterbury Kent ("Thorn Farm")
- PII Claim against the valuers of Thorn Farm
- Guarantees relating to Seaton Heights

**4. Extension to the Initial Period of Administration**

4.1 The initial period of an Administration is 12 months, with a right to extend by a further six months by consent of the creditors. Any extension beyond 18 months requires approval of the Court. The Administration was extended to 19 December 2012 with the approval of the creditors.

4.2 On 12 November 2012 the Court extended the Administration for a further period of 2 Years to 18 December 2014. The main purpose of this will be to give the Administrators sufficient time to achieve a realisation of the Company's remaining assets.

4.3 The Court granted the extension of the Administration as the process of obtaining an improved planning permission is likely to take up a considerable period of time, probably a minimum of 18 months.

4.4 We are also sought the extension to allow time to pursue PII claims against the valuers of the properties which have resulted in substantial losses to the Company and the personal guarantees.

**5. The Exit Route**

5.1 There are a number of possible exit routes from Administration. These include

5.1.1 Distributing the funds to creditors in accordance with their statutory priority and then seeking to dissolve the Company. If funds are to be paid to unsecured creditors, this requires the sanction of the Court.

5.1.2 Putting the Company into Creditors' Voluntary Liquidation. In this event, the Administrators would act as liquidators in accordance with our proposals.

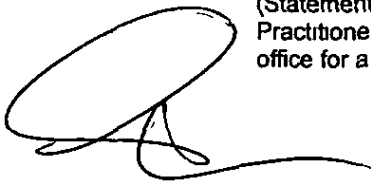
5.1.3 Proposing a Company Voluntary Arrangement (CVA).

5.2 In this case, the only prospect for funds being available to pay such a dividend to unsecured creditors would be via the prescribed part. If appropriate we would seek the Court's permission to distribute this in the Administration prior to the dissolution of the Company. However, should an alternative route appear to be beneficial to the outcome for creditors, we may choose that route.

5.3 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon our appointment as Administrators ceasing to have effect.

**6. Joint Administrators' Costs and Remuneration**

6.1 The total "time costs" recorded both since our appointment and for the period under review are summarised on Appendices 2 and 2a in the format prescribed by R3 (The Association of Business Recovery Professionals). Creditors should note that these are the time costs shown on our internal accounting records and are not necessarily the amounts actually charged and recovered as remuneration. A Creditor's guide to Administrator's Fees can be located in SIP 9 (Statement of Insolvency Practice) which can be accessed through the website of the Insolvency Practitioners Association, [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk). Alternatively please contact this office for a copy to be sent to you by post.



**Malcolm Fillmore**  
Joint Administrator of Cheval Property Developments Limited  
Dated 31 January 2014

**STATUTORY INFORMATION AND DISCLOSURES****Details of Relevant Court:**

High Court of Justice  
Court reference No 5009 of 2011

**Company Details:**

Registered Office Arundel House, Amberley Court, Whitworth Road, Crawley, RH11 7XL  
Registered Number 04348496  
Any former name in 12 months prior to Administration None

**Administration Details:**

Malcolm Peter Fillmore and Ms Ranjit Bajon of Atherton Bailey LLP, Arundel House, Amberley Court, Whitworth Road, Crawley RH11 7XL were appointed on 20 June 2011  
The appointment was made by the court pursuant to an application made by Israel Discount Bank Limited ("IDB")  
The Administrators act jointly and severally in all matters relating to the administration  
There have been no changes in the office holders since Administration

**Administrators' Remuneration**

The Administrators' Proposals were deemed to be approved on 18 August 2011 and it was agreed that the Administrators remuneration would be on a time cost basis pursuant to Rule 2.106 IR1986. The current hourly rates of staff and partners involved in this case are as follows: Partners £295 (£275 - £295), Senior Professional Staff £135 - £240 (£110 - £230), Assistants and Support Staff £85 - £100. The hourly rates were increased with effect from 1 June 2012, the previous rates are shown in brackets.

The creditors also approved Category 2 disbursements as being 25p per letter, 15p per photocopy and 45p per mile plus 5p for additional persons travelling in the same car. Company searches and other searches from our Provider Credit Safe which are to be recharged to the case at a rate of £1 per search.

The Category 2 disbursements incurred (irrespective of whether payment has been made during the period) by the Administrators for the period of the Report are as follows:

- Letters, photocopying and Postage £19.37
- Company House Searches £4.00

No Administrators' remuneration or category 2 disbursements have yet been drawn in the period in accordance with the resolution passed. Pre-Administration costs of £10,101.32 and disbursements of £196.08 have been approved by the secured creditor. In addition remuneration from realisations of assets secured by fixed charges will be approved by the secured creditor.

We have drawn fees as LPA Receivers of Fnr Street Reading of £20,000 plus Vat during the period of the report.

A Creditor's Guide to Administrator's Fees, known as SIP 9 (*Statement of Insolvency Practice 9*), can be accessed through the website of the Insolvency Practitioners Association, [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk). Alternatively please contact this office for a copy to be sent to you by post.

Creditors are advised that within 21 days of receipt of a progress report you may request the Administrators to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. Any request must be in writing, and made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of all unsecured creditors (including himself) or the permission of the court. Explanation of the rights to challenge the administrators' remuneration and expenses are set out in SIP9.

APPENDIX I

Cheval Property Developments Limited  
(In Administration)

Administrators Receipts and Payments Account For the period 30 June 2011 to 31 January 2014		For the period from 17 July 2013 to 16 January 2014	
	£	£	£
<b>RECEIPTS</b>		<b>Brought forward</b>	
Trade Debtors	0 00		667,532.69
35 - 37 Friar Street Reading	525 000 00		
Seaton Heights	675 000 00		
Interest Late Completion	1 424 63		
Cash at Bank	22 338.62		
Settlement of PII Claim re South Sands	145 000 00		50 000 00
Settlement of PII Claim re Ealons Farm	50 000 00		
Rental Income	32,242 70		252.61
Bank Interest Received (Gross)	361 26		
Valuation Recharge Friar Street	600 00		
Insurance Rent Friar Street	27 600 93		
	<u>1 478 765 34</u>		<u>717 863 60</u>
<b>PAYMENTS</b>			
Pre Administration Fees	12 121 59		16,000 00
LPA Receiver Friar Street Fees	42,000 00		184,000 00
Office Holders Fees	186 000 00		
CHAPS Payment Fee	69 00		
Land Registry Fees	98 60		
Travel & Subsistence	2 653 18		373 07
Printing Copying and Postage	211 66		17 17
Company Searches	398 40		
Statutory Advertising	91 80		
Bonding	1 560 00		
Courier Charges	488 30		
Insurance Works - Friar Street	978 80		
Insurance Works - Seaton Heights	20 169 60		
Property Agents Valuation - Thom Farm	2 814 00		
Property Agents Valuation - Friar Street	2 400 00		
Property Agents Management Fees	5 031 36		
Insurance Seaton Heights/Thom Farm	12 751 80		
Insurance Friar Street	68 347 35		
Legal Costs - Sale of Assets	14 634 00		19 106 00
Property Agents Commission	6 364 00		636 00
Legal & Professional Costs	72,532.74		
Legal Costs Third Party	3 576 00		
PII Claim South Sands 50% settlement	72,500 00		
Expert Valuers Fee Thom Farm	4 500 00		4 500 00
Planning & Development Consultancy	25 728 49		6,869 00
Corporation Tax	7 21		
	<u>570 086 08</u>		<u>247 803 21</u>
Secured Creditor, IDB	775 000 00		335,000 00
<b>DISTRIBUTIONS</b>			
Preferential Dividends,	0 00		0 00
Unsecured Distributions	0 00		0 00
Balance in insolvent estate account as at 31 January 2014 (Interest bearing account)	<u>6134,852.26</u>		<u>6134,662.36</u>

Cheral Property Developments Limited - In Administration

Joint Administrators' / Liquidators' Time Costs

For the Period

6 August 2013 to 16 January 2014

Classification of Work	Work Analysis	Hours by Staff Grade					Grand Total	Total Cost £	Average Hourly Rate £
		Senior Case Administrator	Case Administrator	Administrator	Consultant				
Administration and Planning	Admin & Planning	29.12	0.21	0.00	1.20		30.53	7,375.35	241.58
	Bul	0.00	0.00	0.10	0.10		0.20	38.50	192.50
	Case Accounting	0.00	0.56	5.05	0.10		5.71	561.60	98.35
	Partner Review	0.00	0.00	0.00	0.50		0.50	147.50	295.00
Asset Realisation	Asset Realisation	6.82	0.00	0.00	6.17		12.99	3,456.95	266.12
	Chattel Assets	0.00	0.00	0.00	0.50		0.50	147.50	295.00
	Freehold / Leasehold Property	0.10	0.00	0.00	0.00		0.10	24.00	240.00
Creditors	Unsecured Creditors	0.00	0.08	0.00	0.00		0.08	10.80	135.00
	Secured Creditors	9.95	0.00	0.00	3.37		13.32	3,382.15	253.92
Legal and Litigation	Legal / Litigation	39.77	0.00	0.00	1.00		40.77	9,839.80	241.35
Grand Total		85.76	0.85	5.15	12.94		104.70	24,984.15	238.63



**Atherton Bailey****TIME & CHARGEOUT SUMMARIES**Cheval Property Developments Limited  
Administration**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	28 98	0 00	325 08	172 15	526 22	103,991 10	197 62
Investigations	11 17	0 00	2 32	0 22	13 70	3,852 82	281 23
Realisation of Assets	121 85	0 00	128 37	0 60	250 82	65,707 96	261 97
Trading	0 42	0 00	0 00	0 92	1 33	235 43	176 56
Creditors	32 92	0 00	46 15	3 73	82 80	21,037 60	254 08
Litigation	7 67	0 00	25 92	0 00	33 58	8,434 31	251 14
Rec & Pay	0 00	0 00	0 00	20 65	20 65	1,868 64	90 50
Total Fees Claimed £	59,453 64	0 00	123,163 85	22,510 37		205,127 86	
Total Hours	203 00	0 00	527 83	198 26	929 10		
Average Rate	292 87	0 00	233 34	113 54			