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Residential Property
TRIBUNAL SERVICE

Case reference: LON/00AY/LSC/2009/0700
LON/00AY/LSC/2010/0043

DECISION OF THE LONDON LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION UNDER SECTION 27A OF THE LANDLORD AND TENANT ACT 1985 AND ON A MATTER TRANSFERRED TO THE TRIBUNAL UNDER PARAGRAPH 3 OF SCHEDULE 12 TO THE COMMONHOLD AND LEASEHOLD REFORM ACT 2002

Property:	**Flats at Clevedon House, Clive Road, London SE21 8BT**
Applicants:	Colin Adamson and others
Respondents:	Ricky Gibbs and Carol Gibbs
Heard:	8 and 9 April 2010 (with subsequent written representations)
Appearances:	Colin Adamson for the applicants Ricky Gibbs Mike Schendel MRICS (Stapleton Long, chartered surveyors) Roy Smith for the landlords
Tribunal:	Margaret Wilson Helen Bowers BSc (Econ) MRICS MSc Owen Miller BSc MBA

Date of the tribunal's decision: 21 July 2010

Introduction

1. This is an application by seventeen leaseholders ("the tenants") under section 27A of the Landlord and Tenant Act 1985 ("the Act") to determine their liability to pay service charges to the landlords for the calendar years 2008, 2009 and 2010. It appears that, with effect from 10 February 2010, an RTM company formed by the tenants has acquired the right to manage the block under Chapter 1 of Part 2 of the Commonhold and Leasehold Reform Act 2002, the landlords not having served a counter-notice to the notice of claim. A county court claim against Dakshesh Patel, one of the applicants, for arrears of service charges, was on 4 January 2010 transferred to the tribunal by the Lambeth County Court under paragraph 3 of Schedule 12 to the Commonhold and Leasehold Reform Act and was heard with the application under section 27A.

Background

2. Clevedon Court is a block of flats which was built in the 1930s. It was constructed as a block of 23 flats on ground, first and second floors but now has 30 flats, seven flats having been erected by the landlords, Ricky and Carol Gibbs, on a new third floor of the block. Mr and Mrs Gibbs acquired the freehold interest in September 2006. The seven new flats are let by the landlords on short-term periodic tenancies and the 23 flats on the ground, first and second floors are held on long leases.

3. It is understood that all the tenants' leases are in common form. By clause 2.2 of the lease the tenant covenants to pay as a service charge *a fair*

proportionate part (to be determined by the Lessor's surveyors whose decision shall be final and binding on the Lessee) of the Lessor's expenses and outgoings under the Third Schedule. The total amount of such expenses is required by clause 2.2.1 to be certified by the landlords' accountants or managing agents, and, by clause 2.2.4, the tenant must, if required by the landlord, make quarterly payments in advance being *such sum ... on account of the service charge as the Lessor or the Lessor's accountants or managing agents ... shall specify at their discretion to be a fair and reasonable interim payment.*

4. The tribunal inspected the building in the morning of 8 April 2010 in the presence of Colin Adamson, who is the chairman of the Residents' Association and of the RTM company which has, it is understood, acquired the right to manage, and of Mr Gibbs, Mike Schendel of Stapleton Long, chartered surveyors, the landlord's managing agent, and Roy Smith, the building contractor who, or whose company, has carried out most of the building and other works which have taken place to the block since the landlords acquired it. The hearing began at 1.30 pm on that day and occupied the remainder of that day and most of the following day. Mr Adamson, Mr Gibbs, Mr Schendel and Mr Smith all attended the hearing and gave evidence.

5. At the end of the hearing we directed a representative of the tenants and a representative of the managing agent to meet within four weeks in order to seek to establish what funds were remitted to the present managing agent by the previous managing agent and whether the tenants had been charged twice for any services, and that if those issues could not be resolved by agreement they would be determined at a further hearing. To be requested no later than 21 May 2010. At the date of this decision no request for a further hearing has been made, and we therefore assume that those issues have been resolved and no longer require determination.

The statutory framework

6. By section 27A of the Act an application may be made to the tribunal to determine whether a service charge is payable and, if it is, the amount which is payable. A "service charge" is defined by section 18(1) of the Act as *"an amount payable by the tenant of a dwelling as part of or in addition to the rent (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and, (b) the whole or part of which varies or may vary according to the relevant costs"*. Relevant costs are defined by section 18(2) and (3). By section 19(1), *"Relevant costs shall be taken into account in determining the amount of a service charge payable for a period (a) only to the extent that they are reasonably incurred, and (b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard, and the amount payable shall be limited accordingly"*. By section 19(2), *"Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred, any necessary adjustment shall be made by repayment, reduction of subsequent charges or otherwise"*.

The issues

i. General

7. The tenants challenged their liability to pay most of the charges demanded for the year 2008 and the interim service charges for the years 2009 and 2010. They were particularly concerned about what they considered to be the landlords' lack of transparency and their failure to provide proper documentary evidence to support the charges and by the very considerable increase in the service charges demanded since the landlords acquired the building and appointed new managing agents. They said that the total service charges demanded in 2006 and 2007 were, respectively, £15,879.16 and £11,103.59,

whereas the total service charges demanded for the year 2008 were £42,344.67. They were suspicious about the landlords' invariable use of Roy Smith, whom they mistrusted and believed to be a business associate of the landlords, to carry out works to the property. They considered that the landlords' systems for recording expenditure on the block were haphazard. They were also concerned about the method of apportionment of service charges, given that the landlord had built seven flats on the roof which they believed to have larger floor areas than the previously existing flats.

8. Mr Gibbs denied that there had been anything underhand about the service charge demands or that the demands were in any way excessive. Indeed he considered that he had throughout been generous to the leaseholders by forward funding necessary works and services and by paying costs which were their responsibility, and he said that he now regretted his generosity. He said that when he and his wife bought the block it had been seriously neglected for a number of years and was in disrepair, which explained why the service charges had been so low in previous years. He said that when he bought the block he had intended to wait three or four years before he developed it by adding a new storey, but that the leaseholders had asked him to bring the works forward to remedy disrepair, particularly to the roof and parapet walls, and that the works he had carried out at his expense had saved the leaseholders the cost of a new roof which they would otherwise have had to pay. He said that he had also provided the leaseholders with a new lift and bicycle shed, that he had raised a large mortgage on his own house to fund the works, and he could not understand why the tenants were so suspicious and ungrateful.

9. Mr Gibbs said that there was no business relationship between him and Mr Smith, but that he generally instructed him to carry out works to his properties because he was efficient, charged competitively, and was prepared if necessary to wait for payment. Mr Smith gave evidence to the same effect and said that he was independent of Mr Gibbs and did work not only for Mr Gibbs but also on his own behalf and for others. We accepted the evidence of Mr Gibbs and Mr Smith that they were not business associates and that Mr

Smith was an independent contractor. We saw no reason to doubt the quality of his work.

ii. Apportionment

10. Mr Adamson said that the landlord had apportioned the service charges equally between all 30 flats, which the tenants considered unfair because the flats were not of equal size. Mr Schendel said that he neither agreed nor disagreed with that method of apportionment, but that apportionment by size would require accurate measurements to be obtained which would be expensive.

11. A plan of the new flats on the third floor (as proposed, but more or less as built) was produced and we were able to inspect one of the new flats internally. Having seen the plan and one of the flats we are satisfied that the equal apportionment of service charges was not unfair. Apportionment on the basis of size would also be fair, and it was for the landlord to decide on the method of apportionment, provided that it was not unfair. We therefore see no reason to disturb the basis of apportionment which the landlord adopted.

iii. Consultation in relation to the garden works

12. According to a statement of service charges for the year 2008 prepared by Stapleton Long issued to the tenants in August 2009 (at page 44 of the tenants' bundle), the cost of garden works carried out in that year was £20,015. That cost comprised different items of work carried out on different dates as follows:

11 March	Reduce and thin trees	£3819
22 March	Supply gardening tool	£376
16 May	Lay new path to bike shed	£522
4 May	Major landscaping	£7500

23 June	Remove derelict shed and supply and fit new shed and base	£2115
30 June	Gardening service by caretaker	£1500
26 July	Replace watermains and external taps	£2221
30 September	Supply new bulbs	£282
2 November	Supply new pots and flowers	£150
31 December	Gardening services by caretaker for six months	£1500.

13. Mr Adamson submitted that all these works should be taken together as one project in respect of which the leaseholders should have been consulted in accordance with the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the consultation regulations"). He said that the tenants agreed that the gardens needed attention, although the garden at the side of the block was perfectly useable, and said that some of the work to the garden was made necessary because of the damage caused to the garden in the course of the landlord's redevelopment of the building. He agreed that the works carried out by the landlord had improved the appearance of the garden, and said that if the landlord had properly consulted the tenants, they would have been willing to explore ways of improving the garden, but that it was unfair and unreasonable for the tenants to be presented with such a large bill without consultation.

14. Mr Gibbs said that the works which comprised the charge for garden works were separate items carried out at different times and did not form part of one project which required statutory consultation. He said that the question of the garden works was discussed with the leaseholders at a meeting.

15. Having heard the evidence we are quite satisfied that each item of the works included in the charge for garden works in 2008 was carried out as a separate item, separately instructed, and that the works should not be regarded as one contract or project for which statutory consultation was required.

16. Of the individual items under the heading "garden works", the following, at *(iv) to (ix) below,* were challenged.

iv. Reducing and thinning trees: £3819

17. These works were carried out by RNE Building and Roofing Services Limited ("RNE"), a company owned or controlled by Roy Smith, at a cost of £3250 plus VAT (£3818.75). The relevant invoice from RNE is at page 58 of the tenants' bundle. Mr Adamson said that he did not dispute that the work was necessary but submitted the cost was too high, and to support this claim he relied on two lower quotations, one for £2970 from Hardy Tree Surgeons and one for £3250 from A & P Tree Surgery. Mr Smith said that one of the reasons he was asked to do the work was that there was no money available to pay for it and he was prepared to wait for payment. He said that the necessary tree surgery was unusually difficult to carry out because the position of some of the trees meant that the work had to be done off pulleys, and he did not believe that the alternative quotations took into account the need for that method of work. He said that the work was carried out by two sub-contractors and the costs included 20% to RNE. Mr Adamson asked that the invoice rendered to Mr Smith's company by his sub-contractors should be supplied, and Mr Smith agreed to try and do so after the hearing. A document which purported to be a detailed invoice from Kevin Day to Mr Smith's company dated 1 March 2008 for £2980 was subsequently produced by Mr Smith. Mr Adamson commented that the amount shown was inconsistent with the invoice produced by the landlord before the hearing and with Mr Smith's evidence at the hearing.

18. Notwithstanding this apparent discrepancy we are on balance satisfied that this cost was incurred, and reasonably so. The amount apparently charged was the same, or virtually the same, although with VAT added, as the alternative quotation from A & P Tree Surgery, and we accept that the work was difficult because of the need to use pulleys. It is not disputed that the work was carried out to a satisfactory standard.

v. Supplying gardening tool[s]: £376

19. Mr Adamson said that no receipt for the tool, or tools, had been supplied by the landlord and that a gardening contractor would normally be expected to supply his own tools. Mr Smith said that he had bought a lawn mower, strimmer and hedge-trimmer which he had passed to the managing agent and that these tools were still at the site. We confirmed at our inspection that they were on the premises, in a shed, and we accept that it was sensible to buy these items and keep them on the site, and would be likely to save expense in the long run. We determine that this cost was reasonably incurred.

vi. Major landscaping: £7500

20. This cost is said to be supported by an invoice from RNE dated 4 May 2008 for £6384 plus VAT, a total of £7500. Mr Adamson agreed that the garden had needed work to put it into reasonable condition but said that this was partly because of the damage caused by the building works carried out by the landlords for their own benefit, and he submitted that part of the cost of the works should therefore be met by the landlords. He complained that the rear area of the garden had been not touched and left derelict. The tenants did not provide an alternative quotation for the work which was carried out.

21. Mr Gibbs said in his written statement that the "major landscaping" had in fact cost £12,400, although at one point in his oral evidence he said that it had cost £14,000. He said that only £7500 was charged to the leaseholders because that was the maximum amount which did not require statutory consultation (see regulation 6 of the consultation regulations). Mr Smith denied that the building works had caused significant damage to the gardens and said that his workmen had cut the grass while the works were in progress.

22. Having seen the garden we are satisfied that the works were carried out to a high standard and at a reasonable cost to the leaseholders. We are

satisfied that the works did not go beyond what was required by the landlord's covenant at clause 5.1.3(3) of the lease which was *to cultivate and tend the garden ... and keep the same in reasonable order and condition,* and we accept that the work carried out in fact is likely to have cost well in excess of £6384 plus VAT. We are satisfied that this sum was reasonably incurred and that the cost does not include any element of making good any damage to the garden caused by the works to the building. We can, however, well understand the tenants' suspicions, given the invoice for £6384 which appears to have been generated purely for the purposes either of the service charge demand or of this application as it bears no relation to what Mr Smith said that that the work actually cost.

vii. Removing derelict shed and supplying and fitting new shed and base: £2115

23. Mr Adamson did not dispute that the landlord supplied a new bicycle shed free of charge. It emerged that the dispute related to the removal of a different derelict shed and its replacement with a metal shed on a concrete base. Mr Smith said that that a skip was required for the demolished shed and its contents, which cost £200, two men spent one day demolishing the old shed at a cost of £300, one skilled man and one labourer spent about one and a half days making the concrete base at a cost of about £400, two men spent half a day erecting the new shed at a cost of £250, and the pre-fabricated shed cost £542. The total of these costs is £1692. However the invoice from RNE at page 54 of the bundle is not consistent with this evidence and is for £1800 plus VAT, a total of £2115.

24. On the second day of the hearing Mr Smith produced an invoice for £482.03 dated 19 June 2008 which he said was for the prefabricated shed. However the invoice appeared to be for the component parts of three sheds, one of them measuring 1800cm x 2160cm x 2450cm, and two measuring 1710cm x 1830cm x 1280cm. Mr Smith said that he would like the opportunity to explain this, but he did not do so.

25. We determine that the reasonable cost of erecting the shed we saw at the site was no more than £1000. We are not prepared to allow more than £160.68 for the prefabricated shed, which is one third of the amount shown in the invoice which Mr Smith produced. We accept that a skip would have been necessary and that the charge of £200 for that was reasonable. In our view the balance of the amount we determine as reasonable (£692.32) should have been adequate for the labour involved in demolishing the old shed and erecting the new one.

viii. Gardening service by caretaker: £3000

26. This charge comprises two payments of £1500 to the resident caretaker for his work on the gardens in 2008. Somewhat surprisingly, these costs are the subject of invoices from Mr Smith at pages 50 and 52 of the tenants' bundle.

27. Mr Adamson said that neither a written contract with the caretaker nor any job description had been provided by the landlords, nor was there any record of the hours the caretaker spent on gardening. He said that in 2006 a professional gardener had charged £2550 for doing the work and had provided his own tools. He did not criticise the standard of the caretaker's gardening.

28. Mr Gibbs said that it had been his decision to employ a resident caretaker to carry out all the gardening and cleaning, and he had done an excellent job at reasonable cost. He said that he had had provided the caretaker with a free flat in the block at no cost to the tenants and had paid his wages, in cash. He considered that the caretaker had provided a very good service at a very reasonable cost to the tenants.

29. While we can well understand the tenants' concern at the absence of paperwork, we are satisfied that the caretaker provided a good service at a reasonable price and that this cost was reasonably incurred and represented

good value to the tenants. At our inspection we saw that the garden was immaculate, with the exception of the rear section to which no work had been carried out, and it was not suggested that what we saw was untypical.

ix. Replace watermains and external taps: £2221

30. This charge is supported by an invoice for £1890 plus VAT, a total of £2220.75, dated 26 July 2008, from RNE, described as for supplying and fitting a new water main servicing three hosepipes to water the lawns and flower beds.

31. Mr Adamson said that he did not dispute the need to repair the existing leaking watermain but considered that what was done possibly went beyond what was necessary, and he complained that no estimates had been provided. He believed that in any event the works formed part of the scheme for the garden upon which the leaseholders should have been formally consulted.

32. Mr Smith said that the old watermain was rusty and leaked and that it was cheaper to replace it with new plastic pipes than repeatedly to repair it. He said that the then managing agent had written to him to say that the main water stop valve was defective and that to repair it would have cost £1000. It was decided that it would be cost-effective to put in a new underground water main with two new taps servicing three hosepipes, which were necessary because of the size and shape of the garden. Mr Schendel said that the old leaking main was an insurance risk because it might well have caused dampness within the building. He said that it was clear that two external taps were necessary but he accepted that the provision of three might be regarded as excessive.

33. Despite Mr Schendel's observation that two taps might have been adequate, we are quite satisfied that the size and shape of the garden justified

the provision of three taps and hoses and that this work was necessary and that the cost was not unreasonably incurred.

x. Dig new soakaways and run new pipework: £3172.50

34. This charge is supported by an invoice from RNE dated 3 April 2008 for £2700 plus VAT for" digging out two soakaways 1200 mm deep, supplying material to construct new soakaways and extending new four inch pipes to required position".

35. The tenants said in their statement of case that this work was not tendered and its purpose was unknown. When its purpose was explained, they said that they considered that it formed part of the major building works carried out by the landlords and should not have been the subject of an extra charge and in this connection they relied on a letter dated 4 February 2010 from Mr Schendel in response to the application which, they considered, supported that analysis.

36. Mr Gibbs said that the work was essential because rainwater pipes on the roof of the building were discharging directly on to the ground, which would inevitably damage the ground floor flats. He said that, as part of the major works, the rainwater downpipes, but not the soakaways at ground floor level, were replaced, and he drew our attention to photographs at page 102 of the tenants' bundle which showed the arrangements for disposing of rainwater before the works were carried out. He said that some new soakaways had been provided but about four rainwater pipes still discharged directly into the ground so that further work was still needed. Mr Smith confirmed that rainwater used to run down the walls, risking damage to the fabric of the building.

37. We are satisfied that the work did not form part of the major works for which the landlords assumed responsibility and that the cost was reasonably incurred.

xi. Cleaning

38. The tenants did not challenge the cost or standard of cleaning but wished to see a contract and documentary support for the costs. The cleaning was carried out by the resident caretaker who was paid in cash for this service, as with the gardening work he did. As with the gardening costs, we are satisfied that the costs were reasonably incurred, although we regard it as unsatisfactory that they are unsupported by any written evidence and, indeed, as unsatisfactory that the caretaker was paid in cash, and we are not surprised that the tenants also regard this as unsatisfactory.

xii. Repair balcony parapets and make watertight: £2092

39. This cost relates to work carried out in February 2007, but Mr Adamson said that the first record of the work was in a file note made by the previous managing agent, at page 86 of the tenants' bundle, of a meeting on 2 April 2009 between Mr Gibbs, Mr Smith, and the managing agent, at which Mr Smith is recorded as having said that in February 2007 he engaged one man and a labourer for three days to prepare, and for two and a half days to lay, three pallets of bricks at £850 over a 54 mm linear run at the front and rear of the building. Mr Adamson said that the first indication the leaseholders were given that the work had been done was in August 2009, when the service charge and major works summary at page 45 of the tenants' bundle was sent to them. He submitted that the charge was time-barred by virtue of section 20B of the Act which provides:

> *(1) if any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then, (subject to subsection (2)) the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.*

(2) Subsection (1) shall not apply of, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

40. Mr Smith said that the work was carried out in February 2007 but was not finished until later (he thought September or October) in 2007 because there were sections which could not be repaired until a scaffold was erected. He said that he had submitted an invoice to the then managing agent in February 2008, which is the date given in the summary of costs. Mr Gibbs did not assert that the file note at page 86 was provided to the tenants, and the landlords provided no evidence to suggest that the tenants were made aware that the costs had been incurred prior to the provision of the summary of costs with Stapleton Long's letter dated 21 August 2009.

41. We see no reason to doubt Mr Smith's evidence that the work was carried out between February and September or October 2007, and the landlord has provided no evidence that the leaseholders were notified of the cost at any time prior to 22 August 2009 or thereabouts. In these circumstances we are satisfied that the tenants are not liable to contribute to this cost, which is time-barred by virtue of section 20B of the Act.

xiii. Remove hoarding, supply and fit new gates and posts: £3878

42. This charge was made for the removal of a wooden hoarding at the side of the block and its replacement by a metal gate made by Helix Forge Limited.

43. The tenants said that the work was unnecessary and that it formed part of the landscaping of the garden upon which they should have been consulted. They also said that its cost was excessive because a lower quotation, dated 17 August 2007, of £2392 plus VAT (at page 87 of the tenants' bundle) had

been obtained by the managing agent. Mr Adamson complained that no invoice from Helix Forge had been provided.

44. Mr Gibbs said that the previously existing hoarding had been over eight feet high and was in disrepair, and that children sometimes climbed over the hoarding and broke into the building. He said that he also considered that gates at the side of the block would provide an additional and necessary means of access for fire engines in an emergency. Mr Smith said that the gates manufactured by Helix Forge cost approximately the same as the amount given in the alternative quotation and had been made to measure to a good standard.

45. At the end of the hearing, with the parties' consent, we directed that a photocopy of the invoice from the suppliers of the gates should be provided to Mr Adamson within seven days and that Mr Adamson should have an opportunity to comment on it. A document purporting to be an invoice dated 20 September 2007 from Helix Forge for £2320 plus VAT was provided by Mr Gibbs under cover of a letter dated 16 April 2010. Mr Adamson commented that he was suspicious because the document was handwritten and unnumbered, and he obtained and forwarded to the tribunal a letter from a director of Helix Forge Limited in which it was asserted that the invoice provided by Mr Gibbs was not genuine. Mr Balmforth of Stapleton Long wrote to Mr Adamson to say that he had been informed by Mr Smith that the invoice was a genuine document, and he objected to the fact that Mr Adamson had chosen to make a serious allegation of fraud without, he said, proper consideration.

46. In the absence of oral evidence about the genuineness of the handwritten document submitted by Mr Gibbs we do not propose to make a finding about whether it was a fraudulent document. We are however satisfied that the gate was necessary and the cost included in the statement of service charges was reasonable. The gates would appear to have been an improvement, but the costs of improvements are recoverable by virtue of paragraph 6 of the third

schedule to the lease, subject to their reasonableness. In this instance we are satisfied that this improvement was a reasonable one.

xiv. Estimated charges for 2009 and 2010

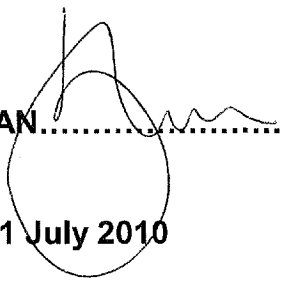
47. By clause 2.2.4 of the leases the tenants are required to pay service charges on an interim basis provided that the landlord, its accountants or managing agents specify, in the exercise of their discretion, that they are reasonable. Mr Schendel said that in August 2008 £500 was demanded of each leaseholder because there was no money available to pay the running costs of the building. Two further interim demands, each for £500, were made in 2009 and one in 2010, which he considered to be broadly reasonable. He agreed that no formal budget had been prepared.

48. We accept that the interim service charges demanded in 2009 and 2010 were reasonable. Obviously they are subject to adjustment at such time as the accounts are produced in accordance with clause 2.2.5 of the lease.

Costs

49. Mr Adamson asked for an order under section 20C of the Act that the landlords' costs in connection with the proceedings are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by any of the leaseholders. We are enjoined by section 20C(3) to make such order as we consider just and equitable in the circumstances, and the outcome of the application is only one of the relevant circumstances (see, for example, *The Tenants of Langford Court v Doren* (LRX/37/2000)). It is true that the tenants have been by no means successful in all their allegations, but in our view the landlords caused or substantially contributed to the tenants' mistrust by their haphazard recording of expenditure, and we are satisfied that the justice of the case will best be met by requiring each side to pay its own costs. We therefore make an order

under section 20C of the Act that none of the landlords' costs may be placed on any service charge. For similar reasons we make an order under paragraph 9 of the Leasehold Valuation Tribunals (Fees) (England) Regulations 2003 that the landlords must reimburse the tenants one half of the application and hearing fees they have paid. We decline to make the order requested by Mr Adamson under paragraph 10 of Schedule 12 to the Commonhold and Leasehold Reform Act 2002 because we are not satisfied that the landlords have behaved unreasonably in connection with the proceedings.



CHAIRMAN.....

DATE; 21 July 2010