

The Insolvency Act 1986

Notice of move from administration to dissolution

2.35B

Name of Company

Universal Bedding and Upholstery (1998)
Limited

Company number

03593482

In the High Court of Justice
Newcastle upon Tyne District Registry

(full name of court)

Court case number

40/2008

(a) Insert full
name(s) and
address(es) of
administrator(s)We (a) Steven Philip Ross
Tenon Recovery
Tenon House, Ferryboat Lane
Sunderland
Tyne and Wear
SR5 3JNIan William Kings
Tenon Recovery
Tenon House,
Ferryboat Lane,
Sunderland,
SR5 3JN(b) Insert name and
address of
registered office of
companyhaving been appointed administrator(s) of (b) Universal Bedding and Upholstery (1998) Limited,
Tenon House, Ferryboat Lane, Sunderland, SR5 3JN(c) Insert date of
appointment
(d) Insert name of
applicant/appointor

on (c) 18 January 2008 (d) the Directors

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986
apply.

We attach a copy of the final progress report

Signed

Joint Administrator

Dated

17 July 2009

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.

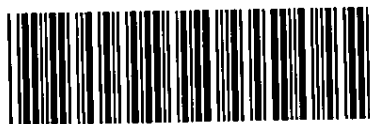
The contact information that you give will be visible to searchers of the public record

Ian W Kings and Steven P Ross
Tenon Recovery,
Tenon House, Ferryboat Lane
Sunderland
Tyne and Wear
SR5 3JN

DX Number

+44 (0) 191 511 5000
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



P9XAFBZU

PC2

30/07/2009

1310

COMPANIES HOUSE

THURSDAY

Tenon recovery

To All Creditors

Our ref: 3030033/ADM.602j
Your ref: 03593482
Date: 17 July 2009
Email: kelly.allison@tenongroup.com
Tel: +44 (0) 191 511 5000

Dear Sirs

Universal Bedding and Upholstery (1998) Limited ("The Company") – In Administration

We refer to the above matter and we enclose a copy of 2.35B – Notice of move from administration into dissolution together with my final report on this matter.

Should you have any queries please do not hesitate to contact me on the number below.

Yours faithfully
For and on behalf of
Universal Bedding and Upholstery (1998) Limited


Ian W Kings and Steven P Ross
Joint Administrators

Licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

Enclosure:

Tenon House, Ferryboat Lane Sunderland Tyne and Wear SR5 3JN
Tel: +44 (0) 191 511 5000 Fax: +44 (0) 191 511 5001
Email: Sunderland@tenongroup.com
www.tenongroup.com

Tenon Recovery is a trading name of Tenon Limited.
Registered Office 66 Chiltern Street, London, W1U 4GB. Registered no: 04066924 England
A member of Tenon Group PLC
Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability.

Tenon recovery

To All Creditors

Our ref: 3030033/ADM.602k
Your ref:
Date: 17 July 2009
Email: kelly.allison@tenongroup.com
Tel: +44 (0) 191 511 5000

Dear Sirs

Universal Bedding and Upholstery (1998) Limited ("The Company") – In Administration

In accordance with Rule 2.47, we would like to provide creditors with our final report following my appointment as Joint Administrator on 18 January, 2008.

1. Statutory Information

Statutory information relating the Company and the appointment is attached to this report as **Appendix I**.

2. Administrators' Proposals

Creditors approved the Administrators' proposals in accordance with Rule 2.33(5) of the Insolvency Rules 1986.

In accordance with Rule 2.110(2)(a), attached to this report as **Appendix II** is a copy of these proposals. We can confirm that during the course of the Administration there were no material amendments to or deviations from these proposals.

3. Administration Strategy

The strategy of the Administration was outlined in detail in my initial and subsequent report to creditors. We would summarise as follows:

The objective of the Administration was to achieve 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).

Upon our appointment the Joint Administrators considered the merits of continuing to trade. It was concluded that there was a benefit to a limited trading period to complete existing contract orders (as it was anticipated that this would take two weeks with minimal costs and assist with the collection of debts from previous orders with the same customers). It was decided that no more

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furniture would be manufactured for retail however there was a benefit in allowing two of the company's stores to continue to trade from Cramlington and Chirton whilst the completion of orders was ongoing. Steps were immediately taken to close the Company's site at Blaydon and stock transferred for sale at the company main site at Chirton. During this period it also allowed the potential of a sale of the business as a going concern to be explored.

A number of redundancies were made at the date of appointment due to the level of available funding and a reduction in the company's trade.

It quickly became apparent that it was not possible to sell the company as a going concern and a wind down strategy was implemented following the first week of trading. The directors had indicated that they would be interested in purchasing some of the company's assets to assist with their new venture.

The initial two week trading period was extended to four as inadequate stock controls revealed that a number of materials were required to complete orders. The company ceased to trade on 18 February 2008.

4. Administrators' accounts

Attached as **Appendix III** is the Administrators' account for the period 18 January, 2008 to 17 July 2009. We would comment specifically as follows:

4.1. Trade Debtors

The majority of the Company's book debts are assigned to Bibby Financial Services Limited "BFS". BFS have been repaid in full repaid in full and a further £12,469.58 was realised from outstanding book debts. There are no other trade debtors outstanding.

In addition to the normal trade debtors, Freechan Consulting Limited currently owed the Company £18,333 plus interest in respect of an outstanding loan. The repayment agreement had been in default for some time. This was forwarded to Group Recoveries Limited to assist with collection. A new repayment plan was agreed and whilst £4,000 has been collected since the commencement of the Administration it is envisaged that it would take a further 3-5 years before the debt would be repaid in full. Considering the uncertainty of recovering the debt it would not be cost effective to apply to court for an extension to allow the collection to be completed. Taking this into account the remaining balance was assigned for £4,000.

4.2. Sale to UBU Limited (Furniture, Equipment Plant and Machinery, stock and WIP)

On the cessation of trade the following assets were sold to UBU Limited (of whom Stephen Graham and Steven Angus are also directors):

	£
Stock	25,000
Plant & Machinery	10,000
Work-in-progress	<u>3,000</u>
	<u>38,000</u>

Payment has now been received in full.

5. Outcome to creditors

5.1. Secured Creditors

As outlined above Bibby Financial Services Limited, who had a fixed charge over the book debts was repaid in full out of the debt collection process.

5.2. Preferential creditors

Preferential creditors received a distribution amounting to 70p in the pound. The total payment amounted to £11,283.92.

5.3. Unsecured creditors and the Prescribed Part

Under the provisions of section 176A of the Act, the Joint Administrators are not required to set aside a "Prescribed Part" fund specifically for unsecured creditors because there are no amounts due to the debenture holder.

As such there will not be any distribution to unsecured creditors.

6. End of Administration

The Administrators have filed the enclosed Form 2.35B "Notice of move from Administration to Dissolution" at Companies House. As a result the Administration has ended and the Company will be dissolved three months following the date this form was received by the Registrar of Companies.

In accordance with the resolution passed by creditors at the initial meeting held pursuant to paragraph 49 of Schedule B1 of the Act the Administrators' release from liability will take effect within 14 days of the filing of Form 2.35B.

7. Remuneration

The Administrators have sought the agreement of their remuneration from each of the secured creditors and 50% of the preferential creditors pursuant to Rule 2.106(5A) of the Rules.

The Administrators' time costs to date amount to £45,618.83 plus disbursements of £333.14. In accordance with Statement of Insolvency Practice 9 we have attached at **Appendix IV** a breakdown of these time costs. Of these costs £45,434.86 remuneration and £333.14 disbursements have been drawn to date

8. Further Information

This is the final report you will receive on this matter but should you have any queries please do not hesitate to contact Kelly Allison of this office.

Yours faithfully
For and on behalf of
Universal Bedding and Upholstery (1998) Limited


Ian W Kings and Steven P Ross
Joint Administrators

Licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

Enclosure:

Statutory Information

Company Information

Company Name	Universal Bedding and Upholstery (1998) Limited
Company Number	03593482
Registered Office	Tenon House, Ferryboat Lane, Sunderland, SR5 3JN
Trading Address	Unit 3 D Admiral Business Park, Nelson Way, Cramlington, NE23 1WG

Appointment details

Administrators	Steven Philip Ross and Ian William Kings of Tenon Recovery
Administrators' address	Tenon Recovery Tenon House, Ferryboat Lane Sunderland Tyne and Wear SR5 3JN

Date of appointment	18 January, 2008
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Court	High Court of Justice, Newcastle upon Tyne District Registry
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Court Reference	40/2008
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Appointed by:	Directors
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Functions:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.
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EC Regulations:	The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation as.
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Extensions:	The Administrators sought an extension to extend the Administration for a period of 6 months.
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Universal Bedding and Upholstery (1998) Limited – In Administration

Statement of Joint Administrators' proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and The Insolvency Rules 1986 ("the Rules"), Steven Philip Ross and Ian William Kings the Joint Administrators ("Administrators") of Universal Bedding and Upholstery (1998) Limited ("the Company"), make the following proposals for achieving the purpose of the Administration.

These proposals and the attached report to creditors together set out the information required by and discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.

An initial meeting of creditors has not been summoned pursuant to Paragraph 52(1)(b) since the Administrators consider that the company has insufficient property to enable a distribution to be made to unsecured creditors.


Proposals

The Administrators propose that:

- (a) They continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that:
 - (i) they dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient;
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company.
 - (iii) in addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals; and
- (b) The Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company shall be dissolved or placed into liquidation as outlined below. If necessary, the Administrators propose to seek an extension of their appointment as Administrators from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.
- (c) If the Administrators consider that there will be no distribution to creditors who are neither secured nor preferential, and if they also consider that an exit from the Administration into compulsory liquidation is not appropriate, then the Administrators be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 to the Act.
- (d) In the event that the Administrators are of the view that it is appropriate for the Company to move from Administration into Liquidation, whether compulsory or voluntary, the Administrators be authorised to take steps to place the Company into whichever

liquidation process they, at their discretion, deem appropriate. In either circumstance, it is proposed that the Joint Administrators would take the appointment as joint liquidators of the Company and that they will act jointly and severally in their duties. In relation to moving into creditors' voluntary liquidation, and in accordance with paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before those proposals are approved.

- (e) Upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution as set out above, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution.
- (f) They be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Administrators' statutory duties.
- (g) The Administrators shall be remunerated by reference to time properly spent both for their services as Administrators and also for their staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors the Administrators' remuneration will be agreed with the secured creditors and, if appropriate, the preferential creditors.
- (h) They consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrators.



Ian William Kings and Steven Philip Ross
Joint Administrators

11 April 2008

Appendix III

Summary Administrators' account

[Must include statement – The amount paid to unsecured creditors by virtue of section 176A (prescribed part) was £[nil]]

Universal Bedding and Upholstery (1998) Limited - In Administration

Administrators Final Receipts and Payments Account

Trading		£
Sales		30,844.69
Direct Labour	15,996.27	
PAYE	<u>2,217.64</u>	
		18,213.91
Trading expenditure		
Rents	4,847.70	
Purchases	6,775.26	
Insurance	1,932.23	
Heat & Light	4,125.70	
Travel	415.95	
Petty Cash	84.57	
Bank Changers	<u>48.00</u>	
		18,229.41
Trading (Deficit)		<u><u>-5,598.63</u></u>

	18 January 2008 - 17 July 2008 £	18 July 2007 - 17 January 2009 £	18 January 2009 - 17 July 2009 £	Total £
Receipts				
Stock	21,276.60		3,723.40	25,000.00
Plant & Machinery	23,269.78			23,269.78
Work- in -Progress	3,000.00			3,000.00
Book debts	12,094.52		8,375.06	20,469.58
CVA Surplus	1,485.00			1,485.00
Cash at Bank	837.19			837.19
Bank Interest	286.55	429.6	311.72	1,027.87
Vat Payable	<u>13,105.29</u>	<u>332.16</u>		<u>0.00</u>
	75,354.93	761.76	311.72	75,089.42
Payments				
Agents fees	1,900.20		3,751.76	5,651.96
Statutory Advertising	175.14			175.14
Legal fees		4,563.10		4,563.10
Corporation Tax			223.81	223.81
Preferential dividend @ 70p in the £			11,079.44	11,079.44
PAYE /NIC on Payable of dividend			204.48	204.48
Accountants fees			2,000.00	2,000.00
Vat receivable	2,333.61			0.00
Bond			158.00	158.00
Administrators remuneration			<u>45,434.86</u>	<u>45,434.86</u>
	4,408.95	4,563.10	62,852.35	69,490.79
Trading deficit				-5,598.63
Balance in hand				<u><u>0.00</u></u>

Office Holder Remuneration

Case Name	Universal Bedding and Upholstery (1998) Limited	
Court	High Court of Justice	
Court reference	40/2008	
Office Holders	Steven Philip Ross and	IP Number: 9503
	Ian William Kings	IP Number: 7232
Firm	Tenon Recovery	
Address	Tenon House, Ferryboat Lane Sunderland Tyne and Wear SR5 3JN	
Type of Appointment	Administration	
Date of Appointment	18 January, 2008	

1. Overview of Case

1.1. Appointment

We were appointed Joint Administrators on 18 January, 2008 following an application by the Directors.

1.2. Strategy

The strategy for the Administration was to achieve 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); to realise property in order to make a distribution to one or more secured or preferential creditors.

1.3. Professional Advisors

Name of Professional Advisor	Nature of Work	Basis of Fee Agreement	Cost £
Ward Hadaway Solicitors	Legal fees	Time cost	3,063.10
James Sutherland (Auctioneers) Limited	Valuation	Time cost	1900.20
Ward Hadaway	Pension issues	Time cost	1,500
Group Recoveries Limited	Debt Collection	Percentage of realisations	3,751.76
UNW LLP	Accountants	Time cost	2,000

My choice of professionals advisors was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment. We have reviewed the fees charged and we are satisfied that they are reasonable in the circumstances of this case.

1.4. Existing fee arrangements

The Administrators have sought the agreement of their remuneration from each of the secured creditors and 50% of the preferential creditors pursuant to Rule 2.106(5A) of the Rules.

1.5. Outcome to creditors

Secured creditors – repaid in full from book debt collections
Preferential creditors – received a distribution of 70p in the £
Floating charge creditors – N/A
Unsecured creditors – Nil

2. Explanation of office-holders charging and disbursement recovery policies

2.1. Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates are outlined below:

	Pre 1 November 2008 £	Post 1 November 2008 £
Director and licensed Insolvency Practitioners	225-260	225-280
Manager	135-200	160-215
Other Senior Professional	110-190	110-205
Assistant and Support Staff	30-140	50-140

2.2. Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs.

Other costs which may be charged to the case are room hire for meetings held at the offices of Tenon Recovery and the cost of sending out reports to creditors, if material. The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

3. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1. Pre-appointment

Time spent in this category comprises the activities required to obtain an Administration Order.

3.2. Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices;
- > Notification of the appointment to creditors, members, employees and other interested parties;
- > Setting up case files;
- > Reviewing available information to determine appropriate strategy;
- > Setting up and maintaining bank accounts;
- > 6 monthly progress review of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

3.3. Investigations

The time spent comprises:

- > Corresponding with the former directors and management;
- > Review of questionnaires and comments provided by interested parties;
- > Review of company documentation;
- > Liaising with the creditors' committee on such matters; and
- > Completion of statutory returns to the Department of Trade and Industry.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff.

3.4. Realisation of assets

Staff of different levels were involved in the above activities depending upon the experience required.

3.5. Trading

The business continued to trade for a short period of time to allow completion of existing contract orders and to allow the potential of a sale as a going concern to be explored.

- > Trading activities included;
- > Planning appropriate trading strategy;
- > Liaison with employees;
- > Dealing with suppliers;
- > Contact and negotiation with customers;
- > Authorisation of commitments;
- > Review of trading position;
- > Paying suppliers;

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake.

3.6. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors;
- > Dealing with employee related matters;
- > Dealing with reservation of title claims;
- > Recording creditor claims
- > Reporting to creditors;
- > Meetings of creditors;
- > Dealing with creditor queries;
- > Reviewing and evaluating creditor claims;

3.7. Provide details of any other case specific matters.

4. Time and chargeout summary

To date a total of 300.97 hours have been spent at an average charge out rate of £151.57 bringing the total cost to date to £45,618.83.

A summary table is shown below:

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Pre-appointment							
Administration and Planning	14.00	49.50	34.02	3.35	100.87	14,728.33	146.01
Investigations		3.60	0.30		3.90	577.50	148.08
Realisation of assets	2.00	13.80	2.00	7.90	25.70	3,302.00	128.48
Trading	44.00	85.10			129.10	22,885.50	177.27

Creditors	5.50	21.40	11.50	38.40	3,765.50	98.06
Dividend Review		3.00		3.00	360.00	120.00
Total hours	60.00	157.50	60.72	22.75	300.97	45,618.83
Total fees claimed £					45,434.86	

The above costs exclude VAT.

5. Disbursements

5.1. Category 1

Category 1 disbursements incurred are outlined below:

	Incurred £	Paid £
Specific penalty bond	158.00	158.00
Statutory advertising	175.14	175.14
Total	333.14	333.14

The above costs exclude VAT.

5.2. Category 2 disbursements

No Category 2 disbursements have been charged to this matter.

Supporting documentation

Up to date Receipts and Payments account