

The Insolvency Act 1986

Administrator's progress report

Name of Company
Sofa City Limited

Company number
04341655

In the
Bristol District Registry

[full name of court]

Court case number
401 of 2011

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

I / We (a) Shane Biddlecombe of HJS Recovery, 12-14 Carlton place, Southampton, SO15 2EA and Alan D Fallows formerly of HJS Recovery, Barnett House, 53 Fountain Street, Manchester, M2 2AN

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

from

to

(b) 29 September 2011

(b) 21 December 2011

(b) Insert dates

Signed

Joint / Administrator(s)

Dated

21 December 2011

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

Shane Biddlecombe MABRP

HJS Recovery 12/14 Carlton Place Southampton SO15 2EA

Tel 023 8023 4222

DX Number

DX Exchange

FRIDAY



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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, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

**Administrator's Final Progress Report
For the Period
29 March 2011 to 21 December 2011
Sofa City Limited - In Administration**

21 December 2011

CONTENTS

- 1 Statutory Information
- 2 Administrator's Proposals
- 3 Progress of the Administration
- 4 Administrator's Remuneration
- 5 Administrator's Expenses
- 6 Unrealised Assets
- 7 Outcome for Creditors
- 8 Creditors' Rights
- 9 Ending the Administration

APPENDICES

- A Receipts and Payments Account from 29 September 2011 to 21 December 2011
- B Cumulative Receipts and Payments Account for Period from 29 March 2011 to 21 December 2011
- C Time Analysis for the period 29 September 2011 to 21 December 2011
- D Cumulative Time Analysis for the Period from 29 March 2011 to 21 December 2011
- E Additional information in relation to Administrator's fees pursuant to Statement of Insolvency Practice 9

1 Statutory Information

- 1 1 I was appointed Joint Administrator of Sofa City Limited (the **Company**) on 29 March 2011
The application for the appointment of an Administrator was made by the company
- 1 2 This Administration is being handled by HJS Recovery, situated at 12-14 Carlton place,
Southampton, SO15 2EA
- 1 3 The Administration is registered in the Bristol District Registry, under reference 401 of 2011
- 1 4 The trading address of the Company is 404 Victoria Road, Fenton, Stoke-on-Trent, ST4
2HE
- 1 5 The registered office of the Company is c/o HJS Recovery, 12-14 Carlton Place,
Southampton, SO15 2EA and its registered number is 04341655

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 The strategy for achieving these objectives was detailed in my report of the 18 May 2011 As previously advised, the first and second objective could not be achieved in this instance as the Company was not rescued as a going concern and as we were unable to gain complete control over the stock, there has been no better result than if the Company were wound up first without being in Administration

3 Progress of the Administration

3 1 Attached at Appendix A is my Receipts and Payments Account for the period from 29 September 2011 to 21 December 2011 Attached at Appendix B is a Cumulative Receipts and Payments Account for the period 29 March 2011 to 21 December 2011

3 2 Sundry Refund

As previously reported the Company is in receipt of £152 27 from City of Stoke-on-Trent Council for an overpayment of business rates

3 3 Motor Vehicle

Independent agents, Philip Davies & Sons (PDS) were instructed to value the Company's motor vehicle and attributed an estimated realisable value of £2,250

The vehicle was subject to a hire purchase agreement with ING Lease (UK) Ltd, who had an outstanding balance of £2,089

It was concluded that the likelihood of any realisation above that owed to ING Lease (UK) Ltd would be required to pay the costs incurred in having to sell the vehicle With the estimated equity being so little, the decision was made to return the vehicle to ING Lease (UK) Ltd under the terms of the hire purchase agreement

3 4 Stock

At the time of the appointment the landlord had distrained on all the stock at the trading address With a moratorium in place the Joint Administrators sought to halt further proceedings by the landlord and realise the stock for the benefit of the creditors as a whole

Due to the dispute with the stock, Hill Dickinson solicitors were instructed to represent the Joint Administrators in matters dealing with the distress levied by the Landlord prior to their appointment

PDS were instructed to perform a valuation of the stock attributing an estimated realisable value of £17,500 based upon photographs provided by the landlord

The dispute continued without making any significant progress until the auctioneer, Butters John Bee (BJB), who was storing the stock, indicated that the storage costs would continue to increase throughout the dispute and this would subsequently reduce any net realisations achieved at auction As a result, both parties agreed for BJB to conduct an immediate auction of the stock, taking the costs incurred in doing so from the sale proceeds

The auction was subsequently held on 18 June 2011 and the stock made a gross profit of £26,844, reduced to a net figure of £21,468 after the auctioneers' costs had been paid. The remaining funds were set aside in an escrow account until an agreement could be reached.

In October 2011, following advice from our solicitors, it was decided to accept the £2,000 offered as settlement, as the protracted dispute had not resulted in any significant progression and a resolution was not forthcoming. It was not deemed economically viable to continue accruing solicitors' time and costs with little or no likelihood of being able to pay them.

4 Administrator's Remuneration

- 4.1 The Creditors 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.
- 4.3 The Administrator's time costs at 21 December 2011 are £3,238.75. This represents 27.93 hours at an average rate of £115.96 per hour. Attached as Appendix C 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 Also attached as Appendix D is a cumulative Time Analysis for the period from 29 March 2011 to 21 December 2011 which provides details of my time costs since appointment.
- 4.5 The total fees drawn since my appointment are £801.99 plus disbursements of £50.00 and I can confirm no further amounts will be drawn.

5 Administrator's Expenses

- 5.1 Details of expenses incurred by the Joint Administrators during the period since the last progress report to creditors are outlined below together with an explanation, where applicable, as to why any of these expenses remain unpaid.

SOFA CITY LIMITED - IN ADMINISTRATION

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Hill Dickinson LLP (Solicitors)	Legal costs (relating to dispute over assets)	800 00	800 00	Nil
Philip Davies & Sons (Agents/valuers)	Valuation	250	250	Nil

6 Unrealised Assets

- 6 1 I would confirm that all assets have now been realised and the cumulative Receipts and Payments Account at Appendix B reflects the final position on both realisations achieved and payments discharged during the course of the Administration. Appendix A reflects the receipts and payments made during the period since my last progress report dated 29 September 2011 only.

7 Outcome for Creditors

- 7 1 There is no prospect of a distribution to unsecured creditors in this matter.

Secured Creditors

- 7 2 There are no secured creditors in this matter.

Preferential Creditors

- 7 3 There are no preferential creditors in this matter.

Unsecured Creditors

- 7 4 I have received claims totalling £99,452.56 from 20 creditors. I have yet to receive claims from 26 creditors.

8 Creditors' rights

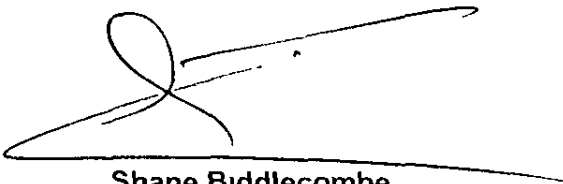
- 8 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

- 8.2 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

9 Ending the Administration

- 9.1 As there are no further realisable assets and there will be no dividend to unsecured creditors, the Administration is to be concluded and the Company will be dissolved by Companies House
- 9.2 The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect

For and on behalf of
Sofa City Limited

A handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke and a diagonal line extending upwards and to the right.

Shane Biddlecombe
Joint Administrator

Sofa City Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Appendix A

Statement of Affairs		From 29/09/2011 To 21/12/2011	From 29/03/2011 To 21/12/2011
	HIRE PURCHASE		
2,250 00	Asset on Lease Agreement	NIL	NIL
(2,089 00)	Finance Company - ING Lease (UK) Li	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
Uncertain	Settlement of Claim re Stock	2,000 00	2,000 00
	Sundry Refund	NIL	152 27
	Bank Interest Gross	0 26	0 26
		2,000 26	2,152 53
	COST OF REALISATIONS		
	Specific Bond	20 00	20 00
	Office Holders Fees	801 99	801 99
	Office Holders Expenses	50 00	50 00
	Agents/Valuers Fees (1)	250 00	250 00
	Legal Fees (1)	866 00	866 00
	Statutory Advertising	164 54	164 54
		(2,152 53)	(2,152 53)
	UNSECURED CREDITORS		
(112,510 32)	Trade & Expense Creditors	NIL	NIL
(1,400 00)	HM Revenue & Customs - PAYE	NIL	NIL
(1,800 00)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(115,550 32)		(152 27)	0 00
	REPRESENTED BY		
			NIL

Sofa City Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Appendix B

Statement of Affairs		From 29/03/2011 To 21/12/2011	From 29/03/2011 To 21/12/2011
	HIRE PURCHASE		
2,250 00	Asset on Lease Agreement	NIL	NIL
(2,089 00)	Finance Company - ING Lease (UK) Lt	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
Uncertain	Settlement of Claim re Stock	2,000 00	2,000 00
	Sundry Refund	152 27	152 27
	Bank Interest Gross	0 26	0 26
		2,152 53	2,152 53
	COST OF REALISATIONS		
	Specific Bond	20 00	20 00
	Office Holders Fees	801 99	801 99
	Office Holders Expenses	50 00	50 00
	Agents/Valuers Fees (1)	250 00	250 00
	Legal Fees (1)	866 00	866 00
	Statutory Advertising	164 54	164 54
		(2,152 53)	(2,152 53)
	UNSECURED CREDITORS		
(112,510 32)	Trade & Expense Creditors	NIL	NIL
(1,400 00)	HM Revenue & Customs - PAYE	NIL	NIL
(1,800 00)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(115,550 32)		0 00	0 00
	REPRESENTED BY		
			NIL

TIME AND CHARGE OUT SUMMARIES

Hours							
Classification of work function	Insolvency Practitioner	Manager/ Senior Manager	Supervisor	Assistants & Support Staff	Total Hours	Time Cost	Average hourly rate
Administration & Planning	2 25	0 00	0 50	11 13	13 88	£1,870 00	£134 73
Realisations of assets	0 00	0 00	0 50	1 75	2 25	£245 00	£108 89
Creditors	0 00	0 00	0 00	0 50	0 50	£37 50	£75 00
Tax reviews	0 00	0 00	0 00	1 25	1 25	£138 75	£111 00
Closure	0 00	0 00	0 30	9 75	10 05	£947 50	£94 28
Total	<u>2 25</u>	<u>0 00</u>	<u>1 30</u>	<u>24 38</u>	<u>27 93</u>	<u>£3,238 75</u>	<u>£115 96</u>
Current Chargeout rates	£350	£200 - £275	£150 - £175	£50 - £125			
Previous Chargeout rates	£275 - £500	£150 - £200	£125	£50 - £105			

TIME AND CHARGE OUT SUMMARIES

Hours							
Classification of work function	Insolvency Practitioner	Manager/ Senior Manager	Supervisor	Assistants & Support Staff	Total Hours	Time Cost	Average hourly rate

Administration & Planning	16 50	0 00	3 21	50 56	70 27	£10,455 67	£148 79
Investigations	1 50	0 00	0 50	11 25	13 25	£1,625 00	£122 64
Realisations of assets	18 25	0 00	1 00	18 00	37 25	£7,982 50	£214 30
Creditors	3 00	0 00	0 80	19 00	22 80	£2,641 25	£115 84
Tax reviews	0 10	0 05	0 00	1 80	1 95	£249 50	£127 95
Closure	0 00	0 00	0 30	9 75	10 05	£947 50	£94 28
Total	39 35	0 05	5 81	110 36	155 57	£23,901 42	£153 64
Current Chargeout rates	£350	£200 - £275	£150 - £175	£50 - £125			
Previous Chargeout rates	£275 - £500	£150 - £200	£125	£50 - £105			

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

Appendix E

1 Policy

Detailed below is HJS Recovery'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.

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
Hill Dickinson LLP (legal advice)	Hourly rate and disbursements
Philip Davies & Sons (valuation and disposal advice)	Hourly rate and disbursements

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 disbursements can include costs incurred by HJS Recovery for the provision of services which include an element of recharged overhead, for example, room hire or document storage.

2 Charge-out Rates

A schedule of HJS Recovery's charge-out rates for this assignment effective from 31 May 2011 is detailed below.

	£
Insolvency Practitioners	350
Senior Managers & Managers	200 - 275
Supervisors	150 - 175
Administrators and Support Staff	50 - 125

Specialist departments within HJS accountants such as Tax, VAT and Pensions do sometimes charge a small number of hours to an assignment, should the Insolvency Partners require their expert advice. Their rates do vary however, the figures given below provide an indication of the rates charged per hour.

	£
Directors	110 - 175
Senior Managers & Managers	82 - 120
Supervisors	42 - 70
Administrators and Support Staff	20 - 40

Please note that we reserve the right to amend these rates from time to time during the course of the assignment, however any material amendments to these rates will be advised to creditors in the next statutory report.