

CVA1

Notice of voluntary arrangement taking effect



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1		Company details						
Company number	0	5	7	3	8	1	2	4
Company name in full	THE SOFA & CHAIR CO. LIMITED							
→ Filling in this form Please complete in typescript or in bold black capitals.								
2		Supervisor's name						
Full forename(s)	WILLIAM ANTONY							
Surname	BATTY							
3		Supervisor's address						
Building name/number	3 FIELD COURT							
Street	GRAY'S INN							
Post town	LONDON							
County/Region								
Postcode	W	C	1	R		5	E	F
Country								
4		Supervisor's name ^①						
Full forename(s)								
Surname								
① Other supervisor Use this section to tell us about another supervisor.								
5		Supervisor's address ^②						
Building name/number								
Street								
Post town								
County/Region								
Postcode								
Country								
② Other supervisor Use this section to tell us about another supervisor.								

CVA1

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6 Date CVA took effect

Date

d	0	d	1	m	0	m	9	y	2	y	0	y	2	y	2
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7 Report of consideration of proposal

☒ I attach a copy of the report of consideration of the proposal

8 Sign and date

Supervisor's signature

Signature

X



X

Signature date

d	0	d	2	m	0	m	9	y	2	y	0	y	2	y	2
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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name JOHN BAALHAM

Company name ANTONY BATTY & COMPANY LLP

Address 3 FIELD COURT

GRAY'S INN

Post town LONDON

Country/Region

Postcode W C 1 R 5 E F

Country

DX

Telephone 020 7831 1234



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

IN THE HIGH COURT OF JUSTICE

NO 002245 OF 2022

IN THE MATTER OF THE INSOLVENCY ACT 1986

The Sofa & Chair Co. Limited ("the Company")

(Company Number 05738124)

**CHAIR'S REPORT UNDER RULE 2.38 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016 AND
MINUTE OF DECISIONS OF A VIRTUAL MEETING OF CREDITORS AND OF A MEETING OF THE
COMPANY HELD TO CONSIDER THE PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT
(CVA)**

Virtual Meeting of Creditors

on: 1st September 2022

at: 11.00am

Chair: William Antony Batty

Meeting of Members

on: 1st September 2022

at: 11.30am

Chair: William Antony Batty

The Chair reports as follows:

Introduction

1. The proposal for a CVA was approved by both the members of the Company and by the creditors.
2. The proposal for a CVA was approved with modifications as set out in Appendix 2.

Meeting of Creditors

3. The following director attended the meetings remotely:

➤ Mr Khushal Ahmed

4. Creditors voted on the following resolution:

- that the proposal for a CVA for the Company as modified be approved.

5. The Chair noted that the meeting was quorate. A schedule of the creditors who attended or who were represented at the meeting, setting out how they voted (with their respective values) on each resolution is set out at Appendix 1.
6. The director agreed to the modifications set out at Appendix 2 that were proposed by creditors, namely HM Revenue & Customs. The Chair is of the opinion that the accepted modifications do not alter the proposals to the detriment of creditors. It was noted at the meeting that five votes were received. HM Revenue & Customs, Flag Invest & Finance Inc, Stargas Nominees and Beegas Nominees from company landlords submitted a valid proxy forms. Valid proxy forms were also provided by Guardsman Industries Limited who were also represented by Neil Burke at the virtual meeting, Oliver Tyson of HQ Law Limited representing Julia Arnold Interiors Limited attended the virtual meeting. Eric McClenaghan and Louise Dale from Breakthrough Associates Limited, Maria Eugenia Seco from ISG Iberia attended the virtual meeting of creditors but did not submit a proxy vote for the meeting.
7. Creditors voted on the resolution "that the proposal for a CVA for the Company as modified be approved" as follows:

	Value (£)	Percentage (%)
For Approval	5,822,550.37	85.48
For Rejection	<u>988,667.48</u>	<u>14.52</u>
	6,811,217.85	100

8. None of the creditors voting were connected to the Company so a second vote excluding those creditors was not required. As a result the resolution was duly passed.
9. The proposal for a CVA was approved with modifications and William Antony Batty of Antony Batty & Company LLP, 3 Field Court, Grays Inn, London, WC1R 5EF was appointed Supervisor.
10. After taking into account modifications to the proposal which were accepted by the directors and claims submitted to date by unsecured creditors:
 - 10.1 The total liabilities equal £7,234,724, however, claims have yet to be approved.
 - 10.2 The revised anticipated dividend is still 0p in the £ to unsecured creditors, the revised anticipated dividend is 35p in the £ to HMRC as secondary preferential creditors, due to HM Revenue & Customs minimum dividend requirement.
 - 10.3 The Supervisor fee shall not exceed £37,500 in total and shall be drawn proportionately in line with receipts.

Meeting of Members

11. Members voted on the following resolution:
 - that the proposal for a CVA for the Company as modified be approved.
12. A schedule of the members who attended or who were represented at the meeting, setting out how they voted on each resolution is set out at Appendix 1.

13. Members voted on the resolution "that the proposal for a CVA for the Company as modified be approved as follows:

	Value (£)	Percentage (%)
For Approval	100	100
For Rejection	<u>0</u>	<u>0</u>
	100	100

The resolution was duly passed.

EU Regulations

14. I consider that these are "COMI proceedings" since the Company's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.

Any Other Matters

15. Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors' Guide to Voluntary Arrangement Fees' also published by R3 is available at the <http://www.antonybatty.com/resource>. Please note that there are different versions of the Guidance Notes and you should refer to the most recent version. A hard copy of the document can be obtained on request from this office.
16. There is no other information arising from the meetings of members and creditors that needs to be reported to the Court, creditors and members.



William Antony Batty
Chair

2 September 2022

Appendix 1

Chairman's Report to the Court on a Meeting of Creditors and Members Pursuant to section 4 of The Insolvency Act 1986

In the matter of - Re: The Sofa & Chair Co. Limited (05738124)

Of: 1 Western Avenue Business Park, Mansfield Road, London, W3 0BZ

I, William Antony Batty of Antony Batty & Company LLP, 3 Field Court, Grays Inn, London, WC1R 5EF, report to the Court as follows:

Approval of Proposal

On Thursday 1st September 2022 (the decision date), a Proposal for a Company Voluntary Arrangement (CVA) was considered and accepted with modifications by creditors, which incorporated the appointment of William Antony Batty of Antony Batty & Company LLP, 3 Field Court, Grays Inn, London, WC1R 5EF, as Supervisor.

Details of the resolution proposed at the meeting and votes cast by creditors on each resolution are as follows:

Resolution 1 – That the Proposal be approved – all creditors

For the Resolution	<u>£5,822,550.37</u>	<u>85.48 %</u>
Against the Resolution	<u>£988,667.48</u>	<u>14.52 %</u>
	<u>£6,811,217.85</u>	<u>100%</u>

In accordance with Rule 15.34 of the Insolvency (England & Wales) Rules 2016, a majority of greater than the required 75% of creditors voting (by value) approved the CVA. Details of how creditors voted is provided below.

In addition, and also in accordance with Rule 15.34 of the Insolvency (England & Wales) Rules 2016, a majority greater than 50% of creditors voting (by value) but which excluded the votes of connected creditors, approved the CVA. None of the creditors voting were connected to the Company so a second vote excluding those creditors was not required. As a result the resolution was duly passed.

Detail of all creditors voting for **acceptance**:-

Proxy holder	Creditor	Amount £
Chair	HM Revenues & Customs	3,998,724.00
Oliver Tyson	Julia Arnold Interiors Limited	23,826.37
Chair	Flag Invest & Finance Inc	1,800,000.00
Total voting for acceptance:		<u>5,822,550.37</u>
Percentage voting for acceptance:		<u>85.48 %</u>

Details of all creditors voting for **rejection** :-

Proxy holder	Creditor	Amount £
Chair	Guardsman Industries Ltd	36,352.48
Chair	Stargas Nominees Limited/ Beegas Nominees Limited	952,315.00
Total voting for rejection:		£988,667.48
Percentage voting for rejection:		14.52 %

The Company director, Mr Khushal Ahmed and his advisor Eric McClean attended the virtual meeting. Neil Burke representing Guardsman Industries Ltd, Oliver Tyson of HQ Law Limited representing Julia Arnold Interiors Limited, Eric McClenaghan and Louise Dale from Breakthrough Associates Limited and Maria Eugenia Seco from ISG Iberia all attended the virtual meeting of creditors. No other creditors attended the meeting.

Members' Meeting

A meeting of the Company's members was held on 1st September 2022. The following member attended the meeting either in person or by proxy and voted to approve the Company's Proposal:

Member	Shares Held
Larkbury Group Limited	100
Total voting for acceptance:	100
Total voting for rejection:	-
Percentage voting for acceptance:	100%

Modifications proposed by Voluntary Arrangements Service (VAS) on behalf of H M Revenue & Customs in respect of: - THE SOFA & CHAIR CO. LIMITED	
<i>If any of the modifications are not accepted then the VAS vote(s) must be taken as a rejection.</i>	
EFFECT	
1.	(Interpretation) Any modification to the entire proposal approved by creditors and accepted by the company shall wholly supersede any contradictory terms or implied provisions in the proposal. Any conflicting modification(s) proposed by creditors shall be fully resolved prior to approval of the proposal in order that the intention of the modification is given priority and effect.
2.	(Variation) No variation shall be proposed following approval of the arrangement that would cause or have the effect of varying or removing <u>modifications imposed by HMRC</u> in support of the proposal without the express agreement of the HMRC Voluntary Arrangements Service.
3.	(Variation) The company shall not, within 12 months of approval of the arrangement, propose a variation that will reduce the yield to creditors below that forecast unless the Supervisor can provide clear evidence that the resolution results from changed trading circumstances that could not have been foreseen when the proposal was made to creditors. The Supervisor's evidence together with supporting financial information and notice of a creditors' vote shall be circulated to creditors giving at least 14 days clear notice. No variation fee shall be drawn without creditors' approval.
HMRC CLAIM(S)	
4.	(HMRC claim) The HMRC claim in the arrangement will include PAYE/NIC together with assessed tax, levy, or duty (VAT) due to the day before the meeting to approve the arrangement and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement.
5.	(Time limit) No time limit for lodging claims shall apply to HMRC.
6.	(Post approval returns and liabilities) All statutory returns and payments due to HMRC post approval of the arrangement shall be provided on or before their due date
7.	(Time to Pay Arrangements) If any Time to Pay Arrangement is agreed with any other HMRC line of business other than the Voluntary Arrangement Service we may review any such arrangement on its merits then and cancel if appropriate, this may then constitute a breach of the arrangement
8.	(Post approval returns and liabilities and time to pay) Should the company find itself unable to pay HMRC any post CVA liabilities which fall due after 26/08/2022 they must contact the Voluntary Arrangements Service to advise them of this.
9.	(Outstanding returns) Should any statutory accounts and returns be overdue at the date of the creditors' meeting they shall be provided to HMRC within 30 days of the approval date together with any other information required in support of the return.
10.	(Dividend prohibition) No non preferential distribution will be made until the HMRC Final Claim has been made and the supervisor has admitted the claim for dividend purposes.
11.	(Expenses of arrangement) CTSA /VAT due on realisation of assets included in the arrangement will be regarded as an expense of realising the asset payable out of the net sale proceeds.
12.	(Tax-Overpayments) Set-off of refunds due from the Crown against debts due to the Crown will be in accordance with statute and established legal principles.

	<p>Any repayment due to the company for periods for which claims arise under the arrangement, when so ever they may arise, shall firstly be offset against HMRC's claims in the arrangement. Any remaining surplus shall be similarly applied to the claims of other Crown departments and should any surplus remain it shall be repaid to the company.</p> <p>Any repayments due to the company for periods that arise after the arrangement shall be applied to any post approval HMRC liability with any surplus being repaid to the company.</p>
GENERAL	
13.	(Co debtors) The release of the company from its debts by the terms of CVA shall not operate as a release of any co-debtor for the same debts.
14.	(Increased claims) Where the total value of creditor's claims exceeds by 10% or more of the stated value of their affairs supplied by the company for the purposes of this proposal this will constitute a breach of the arrangement. In the event of such a breach the supervisor shall ascertain from creditors what they wish to do in the context of the arrangement overall.
15.	<p>(Termination) The arrangement shall terminate upon:</p> <p>(a) The making of a winding up order against the company, the passing of a winding up resolution or the company going into administration.</p> <p>(b) (where there is express authority for the supervisor so doing) the supervisor issuing a certificate of termination.</p>
16.	(Arrangement trusts) Upon termination of the arrangement the trusts expressed or implied shall cease, save that assets already realised shall (after provision for supervisor's fees and disbursements) be distributed to arrangement creditors.
17.	<p>(Non-compliance) Failure to comply with any express term of the arrangement shall constitute a breach of the company's obligation under the arrangement. The supervisor shall work with the company to remedy any breach of obligation. Rule 15.34 shall apply where any variation is proposed.</p> <p>If any breach of obligation is not remedied within 30 days of its occurrence this shall constitute default of the CVA that cannot be remedied and the supervisor shall petition for a winding up order.</p>
ASSETS	
18.	<p>Included/excluded assets</p> <p>For the avoidance of doubt, all of the company's assets will be included within the arrangement.</p>
CONTRIBUTIONS/REVIEWS	
19.	(Payments) The company are to make payments totalling £1,400,000, over the course of the arrangement.
20.	(Annual contribution review) The supervisor is to conduct a full review, at each anniversary of the arrangement, based upon the month end immediately preceding the anniversary of the arrangement of the company's business income and expenditure. To enable the supervisor to

	perform this function management accounts to include Profit and Loss for the preceding 12 months shall be furnished to the supervisor together with the relevant balance sheet and cash flow projection for the following 12 month period within one month of the anniversary. The supervisor shall obtain an increase in voluntary contributions of not less than 50% of any rise in net income after provision for tax.
21.	(Third party claims) The claims of third parties who have contributed to assets available under the arrangement shall be treated as deferred and only rank for dividend once all unsecured claims have been satisfied.
22.	(Duration) The duration of the arrangement shall not exceed 66 months without the prior approval of a 75% majority in value of creditors' claims voting on the resolution.
23.	<p>(Contributions) Within the first twelve months of approval of the arrangement the following shall apply –If the Company should fail to pay 2 monthly contributions (these need not be consecutive) this shall constitute default of the CVA that cannot be remedied, and the Supervisor shall immediately petition for the compulsory winding-up of the company. Where contributions due become more than three months in arrears this shall constitute default of the CVA that cannot be remedied, and the Supervisor shall immediately petition for the compulsory winding-up of the company.</p> <p>For the remainder of the arrangement the following shall apply –Should any voluntary contribution fall 30 days into arrears or fall below the amount specified in the arrangement and remain so after 30 days this shall constitute a failure of the arrangement and the Supervisor shall petition for the compulsory winding up of the company.</p>
DIRECTORS AND SHAREHOLDERS	
24.	<p>The directors of the company shall not:</p> <ul style="list-style-type: none"> a) declare or pay any dividend to themselves or the shareholders of the company for the duration of the voluntary arrangement. b) declare or pay themselves additional remuneration and or fees above the annual rate of inflation c) increase the remuneration of any person involved in the management of the business, whether by way of increase in salary, payment, bonus or benefit. d) enter into any contract or undertaking for the sale of the business nor dispose of the goodwill or of any assets or goodwill forming part of or essential to its continuing trade. e) create or extend any mortgage, debenture, charge or security over any part of the company/business except for those that subsist at the date of the proposal. This shall not affect any commercial factoring or similar arrangement.
COMPLETION	
25.	The arrangement shall not be capable of successful completion until secondary-preferential creditors claiming in the arrangement have received a minimum dividend of 35 pence in the pound (35p/£).
FEES	

26.	(Expenses of VA) HMRC petition costs are to be paid as an expense of the arrangement in priority to the unpaid nominee's fees and expenses as at the date of the meeting of creditors, supervisor's fees, remuneration and disbursements.
27.	(Fees) The supervisor's fee shall not exceed and £37,500 in total and shall be drawn proportionately in line with receipts.
28.	(Liquidation costs provision) The supervisor shall retain sufficient funds for winding up proceedings against the company from the contribution payments and such funds will rank ahead of any other expense of the arrangement. For the avoidance of doubt this shall include unpaid nominee's fees and expenses as at the date of the meeting of creditors at which the proposal is approved. Funds set aside under this provision shall not be used to fund a creditors' voluntary liquidation and shall remain an asset of the arrangement. Funds retained by the supervisor to enable winding up proceedings to be taken shall be distributed to creditors upon satisfactory completion of the arrangement subject to a limit of 100 pence in the pound being achieved.