

CVA3

Notice of supervisor's progress report in voluntary arrangement



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.

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6**Date of voluntary arrangement**

Date

^d0^d1^m0^m9^y2^y0^y2^y2**7****Period of progress report**

Date from

^d0^d1^m0^m9^y2^y0^y2^y2

Date to

^d3^d1^m0^m8^y2^y0^y2^y3**8****Progress report**☒ I attach a copy of the progress report**9****Sign and date**

Supervisor's signature

Signature

X



X

Signature date

^d2^d3^m1^m0^y2^y0^y2^y3

CVA3

Notice of supervisor's progress report in voluntary arrangement



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

County/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

Voluntary Arrangement of
The Sofa & Chair Co. Limited
To 31/08/2023

S of A £		£	£
1,305,000.00	ASSET REALISATIONS		
	Debtor Contributions	176,914.81	
	Bank Interest Gross	167.13	
			177,081.94
1,305,000.00			177,081.94
	REPRESENTED BY		
	Bank 1 Current - interest bearing		177,081.94
			177,081.94
			
			William Antony Batty
			Supervisor

THE SOFA & CHAIR CO. LIMITED - IN COMPANY VOLUNTARY ARRANGEMENT

SUPERVISOR'S PROGRESS REPORT

ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAY'S INN
LONDON
WC1R 5EF

THE SOFA & CHAIR CO. LIMITED - COMPANY VOLUNTARY ARRANGEMENT

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Supervisor to provide creditors with an update of the progress of the Company Voluntary Arrangement. The report has been prepared for the purpose of advising creditors. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty was appointed as Supervisor of The Sofa & Chair Co. Limited on 1 September 2022.

WA Batty, HF Jesseman and CE Howell are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales.

Abbreviations used in this report:

- The Sofa & Chair Co. Limited - ("the Company")
- W A Batty - ("the Supervisor")
- Company Voluntary Arrangement – ("CVA")
- HM Revenue & Customs - ("HMRC")

THE SOFA & CHAIR CO. LIMITED
Company Voluntary Arrangement
IN THE HIGH COURT OF JUSTICE NO. 2245 OF 2022

Supervisor's report to creditors on the progress of the arrangement.

1. Introduction

The voluntary arrangement was approved on the 1 September 2022 and I was appointed Supervisor.

Creditors will recall The Sofa & Chair Co. Limited "the Company" was founded in 2006 and through ambition and hard work we have created a business that is widely recognised as a UK market leader in the manufacture and distribution of bespoke upholstered luxury furnishings from their workshop in West London.

The Company has always been focused on product design and production quality, both of which are captured and controlled in-house. The Company has invested heavily over the years in building a very talented in-house CAD design team who's creations are turned into reality by a customized manufacturing facility in London. It is the Company's ambition to disrupt the traditional luxury furnishing marketplace through the introduction of technology and innovative design and fulfilment thereby capturing additional market share in an increasingly competitive market. The Company believes that the combination of the Company's historic retail footprint and its future on-line presence will see the company stabilise revenues over the next 3-5 years the implementation of the CVA.

the Company starting to experience acute cash flow issues, following its move to its current showroom which came with a significant increase in the fixed operating costs and the Company's revenue stalling in 2019. This was then compounded by the COVID Pandemic which had a disastrous effect on the Company's cash flows with turnover falling from approximately £18m to £12m, the effects of which led to the Company seeking professional restructuring advice.

The Company accepted it will not be possible to refinance the business without restructuring and a CVA was deemed a viable option which would allow the Company time to recover from the crippling effects from the pandemic whilst saving over 100 jobs and ultimately provide for future returns of both PAYE/NIC & VAT to HMRC.

Since CVA approval the Company has further reduced its cost base and significantly, moved its production facility and other warehouse facilities into one location at the Western Avenue showrooms & warehouse.

Overall, the last 12 months of trading following the CVA approval has been challenging putting the restructuring plans into practise but ultimately, it will secure a return to profitability and net positive cash flow on a monthly basis so that the Company can continue to meet its on-going obligations to its creditors.

2. Comments on receipts and payments

Attached at appendix 1 is my receipts and payments account for the 12 months ended 31 August 2023, which I have reconciled to the financial records that I am required to maintain. Please note that receipts and payments in the account are shown net of VAT.

The balance of funds are held in an interest bearing estate bank account which has accrued £167.13 in interest since my appointment.

a) Contributions and Arrangement Assets

Under the terms of the Arrangement as modified the Company is scheduled to make monthly payments as set out below for 60 months giving a total of £1,305,000;

	Monthly Contributions	Total Contributions
--	-----------------------	---------------------

	£	£
Months 1-14	15,000	210,000
Months 15-26	16,250	195,000
Months 27-38	20,000	240,000
Months 39-50	30,000	360,000
Months 51-60	30,000	300,000
Total		1,305,000

To the date of this report, I have received CVA contributions totalling £191,915 with £176,915 being paid in the reporting period. This is in line with the agreed CVA proposals, the CVA contribution are due to increase from November 2023.

b) Other receipts

I am currently awaiting the latest management accounts/ trading reviews in order to ascertain whether or not any additional payments have become due as a result of the Company making profits in excess of those originally anticipated. I will write further to creditors if the Company has made profits in excess of those originally anticipated following receipt of this information.

The Company has confirmed that it has not received any windfalls in the period covered by the report.

3. Creditor claims

Creditors	As per Proposals £	Lodged to Date £
Preferential	4,257,483	3,575,993
Unsecured	3,235,798	4,057,385

There are 22 creditor claims outstanding with a statement of affairs balance totalling £1,440,975, this includes a significant claims from Cushman & Wakefield in the sum of £412,315, Ealing Council in the sum of £303,606, o2 Telefonica in sum of £211,413 and Carter Jonas in the sum of £122,448.

As at the date of this report the total unsecured creditor claims have come in significantly higher than anticipated and as set out above there are 22 outstanding claims to come in, however, given the CVA does not provide a dividend distribution to the unsecured creditors we are not expecting to receive further claims from unsecured creditors' and none of unsecured creditors' claims have been approved for dividend purposes for that reason.

Under the Finance Act 2020, HMRC became a secondary preferential creditor as of the 1 December 2020. This means that certain elements of HMRC debt, PAYE/ NI and VAT, take priority over the Company's other creditors.

As detailed in the agreed CVA proposals and referred to in section 1 of this report, the CVA only provided for a dividend distribution to HMRC as secondary preferential creditors, there was no provision for a dividend to the unsecured creditors. As set out in the proposals, the first dividend shall be paid out 3 months after the first anniversary, provided, that HMRC have agreed their final claim. Subsequent dividends will be paid out annually thereafter and will depend on contributions received.

I can confirm that I am now in receipt of HMRC final claim in the sum of £4,748,321, of which £3,575,993 is deemed to be their secondary preferential claim in the CVA.

A statement of claim form accompanies our covering letter to creditors and copies are also available via our creditor portal for those creditors who have yet to register their claim in this arrangement.

4. Office holder's remuneration

Nominee's fees

Under the terms of the proposal my remuneration as Nominee was agreed as a fixed fee of £15,000 with this fee being paid prior to the decision date approving the Company's CVA proposals, the

Nominee will make a charge for expenses that are directly attributable to the case, defined as Category 1 expenses in the Statement of Insolvency Practice 9 (SIP 9) from realisations under the Arrangement.

I can confirm that the Nominees fees of £15,000 was paid prior to my appointment, as a result it is not reflected in the receipts and payments summary for the period under review.

Supervisor's Fees

Under the terms of the proposal my remuneration as Supervisor is to be calculated on a time cost basis and estimated at £37,500. This was to be drawn on the basis of £7,500 per year of the CVA. This estimate assumed that all contributions be paid on time and the Supervisor receive the full co-operation of the director in all matters relating to the CVA.

Modifications imposed by HMRC stipulate that the Supervisors fee shall not exceed £37,500 in total and shall be drawn proportionally in line with receipts.

My total time costs to the 31 August 2023 amount to £8,704, representing over 25 hours work at a blended charge out rate of £338 per hour as detailed at appendix 2 in this report.

We have not drawn any remuneration in respect of our Supervisor's fees, these will be drawn shortly.

During the course of the Arrangement we have taken the necessary steps to discharge my duties as Supervisors in accordance with the terms of the Arrangement. A description of the routine work undertaken since our appointment as Supervisors is as follows:

1. Administration and Planning
 - Maintaining physical case files and electronic case details on IPS.
 - Review and storage.
 - Case bordereau.
 - Case planning and administration.
 - Preparing reports to members and creditors.
 - Monitoring compliance with the terms of the Arrangement.
2. Cashiering
 - Maintaining and managing the Supervisor's cashbook and bank account.
 - Ensuring statutory lodgements and tax lodgement obligations are met.
3. Creditors
 - Dealing with creditor correspondence and telephone conversations.
 - Preparing reports to creditors.
 - Maintaining creditor information on IPS.
 - Reviewing and adjudicating on proofs of debt received from creditors.
4. Realisation of Assets
 - Monitoring for receipt of the Company's contributions.
 - Liaising with the Director and the management team regarding the Company's contributions.

This work was necessary to administer the Voluntary Arrangement. Some of the work was required by statute and regulatory guidance, but it will contribute to the payment of agreed dividends to all classes of creditor and to the conclusion of this Arrangement. We think that this shows that the fee paid to the Supervisors is a fair and reasonable reflection of the work carried out.

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, together with an explanatory note which shows Antony Batty & Company LLP's fee policy are available at the link <http://www.antonybatty.com/insolvency-resources>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the most recent version. A hard copy of both documents can be obtained on request.

5. Office holder's expenses

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

I have incurred total expenses of £1,037 all of which we incurred in the period under review.

I have incurred the following expenses in the period since the commencement of the Voluntary Arrangement:

Type of expense	Amount incurred / accrued in the reporting period
Specific bond	£930
Court fees	£54
Postage	£53

Details of the category 1 expenses that I have paid to date are included in the receipts and payments account attached.

The guidance regarding the recovery of category 2 expenses (i.e. expenses that include an element of office overhead) has now changed and I take this opportunity to confirm that I will no longer look to recharge such expenses and recover them from the Supervisors estate.

I have used the following professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Marsh UK Limited	Specific Penalty Bond	Standard rate of charge

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

Marsh Limited was paid £930 in respect of specific bonding cover, which is required for each insolvency appointment. Marsh Limited provides specialist insolvency insurance and bonding service. The premium is based on their standard charges.

6. Matters outstanding

- Continue monitoring the Company's CVA contributions into the Arrangement.
- Dividends - It is my intention to pay an interim dividend to preferential creditors notably HM Revenue and Customs within a month of issuing this report.

7. Progress and prospects for the full implementation of the arrangement

It is expected that the Arrangement will be fully implemented over the modified 66 month duration and that the final dividend to secondary preferential creditors will be approximately 35p in the £.

To comply with the Provision of Services Regulations, some general information about Antony Batty & Company LLP, can be found at <http://www.antonybatty.com/insolvency-resources>.

Antony Batty & Company LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Antony Batty & Company LLP uses your personal information on our website at <http://www.antonybatty.com/insolvency-resources>.


If creditors or members have any queries regarding the conduct of the Voluntary Arrangement, or if they want hard copies of any of the documents made available on-line, they should contact me at Antony Batty & Company LLP, 3 Field Court, Gray's Inn, London, WC1R 5EF or by email at JohnBaalham@antonybatty.com, or by phone on 020 7831 1234.



W A Batty
Supervisor

23 October 2023

Voluntary Arrangement of
The Sofa & Chair Co. Limited
To 31/08/2023

S of A £		£	£
1,305,000.00	ASSET REALISATIONS		
	Debtor Contributions	176,914.81	
	Bank Interest Gross	167.13	
			177,081.94
1,305,000.00			177,081.94
	REPRESENTED BY		
	Bank 1 Current - interest bearing		177,081.94
			177,081.94
			
			William Antony Batty Supervisor

Time Entry - SIP9 Time & Cost Summary

SOFA001 - The Sofa & Chair Co. Limited
Project Code: POST
From: 01/09/2022 To: 31/08/2023

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	2.10	11.20	0.00	4.40	17.70	5,709.50	322.57
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	2.60	0.10	0.00	2.70	1,007.50	373.15
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	5.30	0.00	0.00	5.30	1,987.50	375.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	2.10	19.10	0.10	4.40	25.70	8,704.50	338.70
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Antony Batty & Company LLP**Time Costs – Charge out rates per hour and disbursements policy.****1 July 2023 to 30 June 2024**

Historic hourly charge out rates	13/17	17/18	18/21	21/23	23/24
Office Holder (e.g., Administrator)	£399	£429	£435	£455	£580
Director	£-	£-	£-	£-	£460
Senior Manager	£235	£375	£380	£395	£395
Case Manager	£295	£335	£340	£375	£375
Senior Administrator 2	£-	£-	£295	£325	£-
Senior Administrator 1	£235	£255	£260	£285	£295
Administrator	£145	£160	£175	£195	£210
Junior Administrator	£80	£90	£95	£110	£140

Time is charged in unit of 6 minutes; the minimum unit of time is therefore six minutes.

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Disbursement Policy

Please note that the office holder's disbursements are charged out at the following rates:

Category 1 - represent recovery of necessarily incurred expenses at the cost incurred.

Sundry expenses, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings, and notices to creditors to submit claims. Statutory advertising costs are at a fixed rate of £99.80 plus VAT per advert.

Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

Postage: Franked mail rates, or Royal Mail postage rates (as appropriate).

Category 2

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.