

Rule 1 26A/1 54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress ReportPursuant to Rule 1 26A(4)(a) or
Rule 1 54 of the
Insolvency Rules 1986**R.1.26A(4)(a)/**
R.1.54

For Official Use

To the Registrar of Companies

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Company Number

04437943

Name of Company

Chicken Soup Limited

I / We

Stephen Goderski, 1 Westferry Circus, Canary Wharf, London, E14 4HD

Peter Hart, 1 Westferry Circus, Canary Wharf, London, E14 4HD

supervisor(s) of a voluntary arrangement taking effect on

17 April 2014

Attach my progress report for the period

17 April 2015

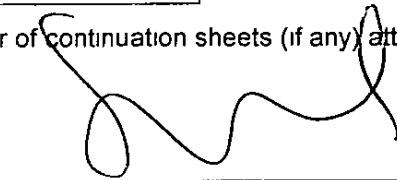
to

05 August 2015

Number of continuation sheets (if any) attached

☐

Signed



Date

5/8/15

Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

Ref CHIC401/SG/PH/DO

For Official Use

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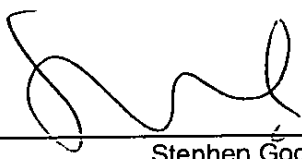
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COMPANIES HOUSE

Voluntary Arrangement of Chicken Soup Limited

Statement of Affairs	From 17/04/2015 To 05/08/2015	From 17/04/2014 To 05/08/2015
ASSET REALISATIONS		
Voluntary Contributions	NIL	2,800 00
Director's Loan Account Repayments	NIL	1,000 00
Bank Interest Gross	NIL	5 78
	<u>NIL</u>	<u>3,805 78</u>
COST OF REALISATIONS		
Specific Bond	NIL	396 00
Disbursements	NIL	39 00
Category 2 Disbursements	NIL	6 75
Legal Fees	NIL	3,363 43
Joint Supervisors' Fees	0 60	0 60
	<u>NIL</u>	<u>(3,805 78)</u>
	<u><u>NIL</u></u>	<u><u>NIL</u></u>
REPRESENTED BY		
Floating Current A/c		NIL
		<u><u>NIL</u></u>



 Stephen Goderski
 Joint Supervisor

5 August 2015

To all known members and creditors

Our Ref SG/PH/DO/CHIC401/RB1

Dear Sirs

**Chicken Soup Limited - Under A Company Voluntary Arrangement ("the Company")
In the High Court of Justice, Chancery Division No 2165 of 2014**

I write to provide you with my final report pursuant to Rule 1.29(2) of the Insolvency Rules 1986 following my appointment as Joint Supervisor on 17 April 2014, together with my partner, Peter Hart

I enclose at Appendix A my summary of receipts and payments covering the periods from 17 April 2014 to 16 April 2015 and 17 April 2015 to 5 August 2015, which shows that all funds held in the CVA have been utilised to defray the costs of the arrangement. I confirm that funds have been held on an interest bearing account, where appropriate

Failure of the CVA and subsequent Liquidation

The CVA failed in August 2014, following the Company's inability to rectify a notice of default issued to the Company on 16 July 2014 in accordance with the standard terms and conditions contained within the approved CVA proposal. The breach related to the director's failure to make an initial payment of £60,000 in respect of his director's loan account. Additionally, the monthly contributions from both the Company and the director were not maintained after the notice of default was issued.

Accordingly, the Joint Supervisors were obliged to petition for the winding up of the Company pursuant to modification 16 of the Arrangement.

The Joint Supervisors engaged Ashfords LLP solicitors to assist with the winding up petition. The petition was presented on 24 February 2015 with a hearing date set for 8 May 2015. The Company subsequently entered into liquidation on the same date. The Joint Supervisors have not sought to be appointed as liquidators.

Basis of the Arrangement

At the commencement of the CVA the Company acted as a service business for Mr Figg, the Company director, who trades as a film and television series producer. The Company traded from First Floor, 101 Wardour Street, London. As intended under the agreed terms of the CVA the Company continued trading under the control of its director.

Tel +44 (0)20 7495 1100 • DX 42660 Isle of Dogs • info@geoffreymartin.co.uk • www.geoffreymartin.co.uk
Geoffrey Martin & Co • 1 Westferry Circus • Canary Wharf • London • E14 4HD

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Also at 4 Carlton Court, Brown Lane West, Leeds LS12 6LT

The director's proposal for a CVA ("the Proposal") was approved with modifications on 17 April 2014. Primarily, the Company was required to pay monthly contributions totalling £108,000 to the Joint Supervisors for the benefit of creditors as follows

- Months 1 - 12 £1,400 (£16,800)
- Months 13 - 24 £1,600 (£19,200)
- Months 25 - 36 £1,800 (£21,600)
- Months 37 - 48 £2,000 (£24,000)
- Months 49 - 60 £2,200 (£26,400)

Under the agreed terms of the CVA it was anticipated that creditors would receive a dividend of 40.73 pence in the pound on their claims. However, a modification put forward by HM Revenue and Customs (HMRC) confirmed the Arrangement could not complete until all unsecured creditors received a minimum dividend of 100 pence in the pound.

Directors' loan account

At the date of appointment, there was an overdrawn director's loan account totalling £243,285. A review of the director's personal finances was undertaken and it was concluded the director was unable to make repayments against this loan account. It was proposed that the director's Income and Expenditure be reviewed on a yearly basis to determine whether the loan could be repaid.

The modifications of the CVA, put forward by HMRC confirmed that the director would be required to repay his director's loan account with an initial lump sum of £60,000, due within 28 days of the approval of the Arrangement, followed by a minimum payment of £500 per month.

Voluntary Contributions

The Company made a payment of £2,800 on 7 July 2014 in respect of two monthly contributions.

The director made two payments of £500 on 19 May 2014 and 7 July 2014 in respect of repayment of his director's loan account.

The total amount therefore paid into the Arrangement equated to £3,800.

Contribution from Profits

The Proposal required, at Paragraph 4.2.4, that the Joint Supervisors review the Company's financial statements on a 12 monthly basis and request the Company to make an additional contribution amounting to 80% of any net profit to the Joint Supervisors.

Following failure of the CVA and the subsequent liquidation of the Company, no management accounts have been provided to the Joint Supervisors and no additional contributions in respect of profits generated by the Company have been received.

Secured Creditors

At the date of appointment of Joint Supervisors, the Company had no outstanding fixed or floating charges registered against it.

Preferential Creditors

The Company does not have any employees and as anticipated, no preferential claims have been received.

Other creditors

At the date of appointment, the Company had an outstanding liability of £14,617 due to Lloyds Bank Plc ("Lloyds"). The loan was not secured however was guaranteed by the Company's director.

In the event of default, Lloyds would look to its security to recover the outstanding liability and as such was excluded from the CVA

Unsecured Creditors

The Estimated Comparative Outcome Statement included in the CVA document showed potential unsecured creditors' claims against the Company totalling £155,915

HM Revenue & Customs is the only creditor in the CVA in respect of unpaid Corporation Tax and VAT

HMRC's final claim in the CVA is £158,788

All funds held in the CVA have been utilised to cover the cost of petitioning for the Company to be wound up, following failure of the CVA. There are therefore no funds available to enable a distribution to unsecured creditors. The liability due to HM Revenue & Customs will rank as an unsecured claim in the Company's Liquidation.

Joint Nominees' Costs

As stated in the CVA proposal, the Joint Nominees were to be paid the amount of £7,500 plus disbursements and VAT.

No amounts have been drawn in respect of the Joint Nominees remuneration, due to lack of available funds in the CVA.

Joint Supervisors' Costs

As stated in the CVA proposal, the Joint Supervisors' remuneration was fixed by reference to time costs properly incurred in dealing with matters arising in the CVA. The Joint Supervisors' time costs as at 5 August 2015 equate to £6,917.

I have drawn a total of £1 in respect of the Joint Supervisors' time costs due to lack of available funds in the CVA. This represents a small balance that remained on account following the payment of petitioning costs to for the Company to be wound up. Details of my time costs are shown at Appendix C. I am required to provide the information in this format by the provisions of Statement of Insolvency Practice 9.

Other professional costs of the CVA are also referred to at Appendix C.

Please be aware that this firm's charge out rates are revised annually and as of 1 February 2015 these rates have been increased. Please see Appendix B for full details of my charges and disbursements policy.

VAT on Joint Nominees' and Joint Supervisors' Costs

Following the recent VAT tribunal ruling in the case of Paymex Limited vs HM Revenue & Customs, Nominee's and Supervisor's' fees in Voluntary Arrangements are exempt from VAT.

Disbursements

Appendix B contains details of my firm's policy on charging disbursements. A total of £46 has been drawn in respect of both category 1 and 2 disbursements during the duration of the CVA. Category 1 disbursements are in respect of expenses that are directly attributable to the case and do not require authorisation.

In this case the amount drawn in respect of category 1 disbursements totals £39 and relates to the following -

	£
Company Search Fees	4
Court Fees	35
	<hr/>
	£39

Category 2 disbursements require authorisation and consist of disbursements that are not specifically identifiable to the case. My ability to charge category 2 disbursements was approved by creditors on 16 April 2014.

In this case the total amount drawn in respect of category 2 disbursements totals £7 and relates to the following

Postage, stationery and telephones (at £6.75 per creditor)	<u>£</u> <u>7</u> <u>£7</u>
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None of the above disbursements were received in the period covered by this report.

A creditors' guide to the remuneration and disbursements of a Supervisor of a Voluntary Arrangement is provided at Appendix D.

Termination of Arrangement

I enclose Form 1.4 Notice of Termination of the CVA confirming that the CVA failed as a result of non-payment of a £60,000 contribution towards the repayment of the director's loan account. I have also issued a notice to the High Court and Registrar of Companies. Please note that with effect from this date, Peter Hart and I have vacated office as Joint Supervisors.

Should you require any further information regarding any aspects of my administration of the CVA please do not hesitate to contact Dane O'Hara at this office.

Yours faithfully


Stephen Goderski
Joint Supervisor

Chicken Soup Limited
(Under a Voluntary Arrangement)

Joint Supervisors' Abstract Of Receipts And Payments

	From 17/04/2015 To 05/08/2015 £	From 17/04/2014 To 16/04/2015 £
RECEIPTS		
Voluntary Contributions	-	2,800 00
Director's Loan Account Repayments	-	1,000 00
Bank Interest Gross	-	5 78
	<u>-</u>	<u>3,805 78</u>
PAYMENTS		
Specific Bond	-	396 00
Disbursements	-	39 00
Category 2 Disbursements	-	6 75
Legal Fees	-	3,363 43
Joint Nominees' Fees	0 60	0 60
	<u>0 60</u>	<u>3,805 78</u>
BALANCE - 5 August 2015	<u>-</u>	<u>-</u>
MADE UP AS FOLLOWS		
Floating Current A/c	-	-
	<u>-</u>	<u>-</u>

Case Name	Chicken Soup Limited
Court and Number	No 2165 of 2014
Office Holder	Stephen Goderski
Firm	Geoffrey Martin & Co
Address	1 Westferry Circus Canary Wharf London E14 4HD
Telephone	020 7495 1100
Reference	CHIC401/SG/PH/DO
Type of Appointment	Company Voluntary Arrangement
Date of Appointment	17 April 2014

CHARGING AND DISBURSEMENTS POLICY (Combined London & Leeds Offices)

Time Costs

The firm's hourly charge out rates are revised annually from 1 February. The rates currently in use are within the following bands

	£
Appointment Taker	325 – 450
Manager	265
Senior Administrator	150 – 195
Junior Administrator and Support Staff	65 - 125

Secretarial and cashiers time is charged to the case and their rates are included within the above hourly rates identified above as appropriate. Time is charged in units of 6 minutes.

Disbursements

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £6.75 per creditor. This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Company Searches and Identity Verifications are charged at cost.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 45p per mile.

CHIC401 Chicken Soup Limited

SIP 9 - Time & Cost Summary

Period 17/04/15 05/08/15

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Appointment Taker	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 00	0 30	0 20	0 50	80 50	161 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	0 00	0 00	0 30	0 20	0 50	80 50	161 00

CHIC401 Chicken Soup Limited

SIP 9 - Time & Cost Summary

Period 17/04/14 05/08/15

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Appointment Taker	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	6 50	0 00	3 40	13 90	23 80	5,237 00	220 04
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	0 00	0 00	0 00	7 10	7 10	1,065 00	150 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	4 10	4 10	615 00	150 00
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	6 50	0 00	3 40	25 10	35 00	6,917 00	197 63

Chicken Soup Limited – Under a Company Voluntary Arrangement (“the Company”)

Overview of Joint Supervisors’ time spent

I detail below the key areas of work undertaken by the Joint Supervisors and their staff in respect of this matter (the list is not exhaustive),

Administration and Planning

- Liaising with the directors
- Statutory requirements imposed by the Insolvency Act and Rules 1986 and insolvency bodies
- Administrative setup and filing of all statutory paperwork
- Accounting for receipts and payments in the CVA
- Monitoring the progress of the CVA
- Liaising with the Company’s directors regarding proposed variations required to the CVA terms

Realisations of Assets

- Monitoring and accounting for the Company’s CVA contributions
- Correspondence with the director regarding their obligation to meet minimum contributions as per the terms of the CVA
- Issuing a default notice to the Company in respect of failure to make the £60,000 contribution in respect of the director’s loan account
- Accounting for bank interest received

Creditors

- Liaising with the sole creditor, HM Revenue & Customs, regarding proposed variations to the CVA terms
- Statutory reporting to creditors

Other professional costs of the Administration

Details of the professional advisers whose services the Joint Supervisors have engaged in the CVA, and their respective charges, are detailed below

Ashfords LLP were instructed to deal with all matters in connection with the winding up petition of the Company. Ashfords LLP were chosen due to their experienced knowledge of insolvency matters. They agreed to carry out the work for the amount of £3,363 which was the only available balance in the CVA account.

A full summary of the basis of my professional advisers’ charges, including details of commissions and total time costs incurred, is provided below

<u>Name</u>	<u>Service</u>	<u>Reason</u>	<u>Basis of Charges</u>
Ashfords LLP	Solicitors	Insolvency legal experience	Fixed

Appendix C (continued)

The amounts paid to instructed professional advisors can be summarised as follows, all figures provided are excluding VAT

Summary of professional costs discharged

Name	Description	Costs Incurred £	Costs Paid £	Costs Written Off £	Balance Outstanding £
Ashfords LLP	Winding up petition	3,363	3,363	Nil	Nil
		£3,363	£3,363	Nil	Nil

None of the above costs were incurred or recovered in the period covered by this report

There are no other professional advisors which have been utilised by the Joint Supervisors in respect of the Company's CVA



VOLUNTARY ARRANGEMENTS - A CREDITORS' GUIDE TO INSOLVENCY PRACTITIONERS' FEES

ENGLAND AND WALES

- 1 **Introduction**
 - 1 1 In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioner appointed to implement the arrangement. This guide explains how fees are fixed in voluntary arrangements, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.
- 2 **The voluntary arrangement procedure**
 - 2 1 Voluntary arrangements are available to both companies and individual debtors. Company voluntary arrangements are often referred to as CVAs, and individual voluntary arrangements as IVAs.
 - 2 2 The procedure is similar for both CVAs and IVAs and enables the company or individual to put a proposal to their creditors for a composition in satisfaction of their debts or a scheme of arrangement of their affairs. A composition is an agreement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a stand-alone procedure or as an exit route from an administration. It may also be used where a company is in liquidation, but this is extremely rare. The proposal will be made by the directors, the administrator or the liquidator, depending on the circumstances. A proposal for an IVA may be made by a debtor whether or not he is already subject to bankruptcy proceedings. The proposal will be considered by creditors at a meeting convened for that purpose. The procedure is extremely flexible and the form which the voluntary arrangement takes will depend on the terms of the proposal agreed by the creditors. In both CVAs and IVAs the proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the nominee. If the proposal is approved, the nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.
- 3 **Fees, costs and charges - statutory provisions**
 - 3 1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in the Insolvency Rules 1986 (rule 1.28 for CVAs and rule 5.33 (previously 5.28) for IVAs). They are
 - any disbursements made by the nominee prior to the arrangement coming into effect, and any remuneration for his services agreed between himself and the company (or the administrator or liquidator, as the case may be) or the debtor (or the official receiver or trustee, where the debtor is subject to bankruptcy proceedings),
 - any fees, costs, charges or expenses which
 - are sanctioned by the terms of the arrangement (see below), or
 - would be payable, or correspond to those which would be payable, in an administration, winding up or bankruptcy (as the case may be).
 - 3 2 The rules also require the following matters to be stated or otherwise dealt with in the proposal (rule 1.3 for CVAs and rule 5.3 for IVAs)
 - The amount proposed to be paid to the nominee (as such) by way of remuneration and expenses, and
 - The manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed.
- 4 **The role of the creditors**
 - 4 1 It is for the creditors' meeting to decide whether to agree the terms relating to remuneration along with the other provisions of the proposal. The creditors' meeting has the power to modify any of the terms of the proposal (with the consent of the debtor in the case of an IVA), including those relating to the fixing of remuneration. The nominee should be prepared to disclose the basis of his fees to the meeting if called upon to do so. Although there are no further statutory provisions relating to remuneration in voluntary arrangements, the terms of the proposal may provide for the establishment of a committee of creditors and may include among its functions the fixing of the supervisor's remuneration.



5 What information should the creditors receive?

When fixing bases of remuneration

- 5.1.1 When seeking agreement for the basis or bases of remuneration, the voluntary arrangement proposal or the supervisor (where fees and disbursements are subject to agreement after approval of the arrangement) should provide sufficient supporting information to enable the creditors (or the committee of creditors where applicable) to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 5.1.2 If any part of the remuneration is sought on a time costs basis, the proposal or the supervisor should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 5.1.3 The proposal or the supervisor should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the supervisor or his or her staff.

5.2 After the bases of remuneration have been fixed

The supervisor is required to send reports to creditors at specified intervals in accordance with rule 5.31A. When reporting to creditors, in addition to the matters specified in rule 5.31A, the supervisor should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the supervisor must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the supervisor should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The supervisor should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the supervisor or his or her staff.

5.3 Disbursements and other expenses

- 5.3.1 Costs met by and reimbursed to the supervisor in connection with the voluntary arrangement should be appropriate and reasonable. Such costs will fall into two categories:
- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the voluntary arrangement and a payment to an independent third party. These may include, for example, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the supervisor or his or her staff.
 - Category 2 disbursements. These are costs that are directly referable to the voluntary arrangement but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the voluntary arrangement on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the supervisor should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the supervisor's remuneration. When seeking approval, the supervisor should explain, for each category of expense, the basis on which the charge is being made.

5.3.2 The following are not permissible

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the supervisor's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

Guide to Fees (Voluntary Arrangements) (E & W)**6 Provision of information - additional requirements**

The nominee or supervisor is required to provide certain information about the time spent on the case, free of charge, upon request by specified persons. The persons entitled to ask for this information are -

- any creditor,
- where the arrangement relates to a company, any director or member of that company, and
- where the arrangement relates to an individual, that individual

The information which must be provided is -

- the total number of hours spent on the case by the insolvency practitioner or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the nominee's or supervisor's appointment, or where he has vacated office, the date that he vacated office. The information must be provided within 28 days of receipt of the request by the nominee or supervisor, and requests must be made within two years from vacation of office.

7 What if a creditor or debtor is dissatisfied?

- 7.1 Where a creditor or the debtor is dissatisfied the terms of the voluntary arrangement proposal may provide what action can be taken. In the absence of such a provision a creditor or a debtor who is dissatisfied by any act, omission or decision of the supervisor may apply to the court (s 263 Insolvency Act 1986)

8 Effective date

This guide applies where the nominee in relation to the arrangement agrees to act on or after 1 November 2011