

**Dated**

**[YEAR]**

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**COVID-19 STANDARD  
CONDITIONS FOR COMPANY  
VOLUNTARY  
ARRANGEMENTS  
(SCOTLAND)  
[Document Details]**

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## Part 1: Interpretation

### 1 Miscellaneous definitions

1.1 In the Arrangement, except where the context otherwise demands:

**The Act** means the Insolvency Act 1986 as amended;

**Arrangement** means the Proposal and the Conditions read together;

**Claim** means a Creditor's claim in accordance with Part 3, Chapter 15 of the Rules, with the necessary modifications to refer to a voluntary arrangement;

**Conditions** are these Conditions;

**Connected** shall have the meaning given to it in section 249 of the Act;

**Court** means any court having jurisdiction in respect of the Arrangement;

**Creditor** is a person bound by the Arrangement to whom a Debt is owed;

**Debt** has the meaning given to it in Part 1, Chapter 2 of the Rules with the modifications necessary to refer to a voluntary arrangement, and an HMRC Debt;

**Decision Date** has the meaning given by Rule 5.2 of the Rules with the modifications necessary to refer to a voluntary arrangement;

**Decision Procedure** has the meaning given to a Qualifying Decision Procedure by Section 246ZE of the Act and that given to a Decision Procedure by Rule 5.3 of the Rules with the modifications necessary to refer to a voluntary arrangement;

**Directors** means all the directors of the Company at the time that the Proposal was made or at the time of the event described, where relevant in the context;

**Dividend** means a distribution to Creditors;

**Excluded Assets** are those assets identified in the Proposal as being excluded from the Arrangement;

**Hire Purchase Agreement** has the same meaning as found in paragraph 111(1) of Schedule B1 to the Insolvency Act 1986;

**HMRC Debt** means the HMRC claim in the arrangement including corporation tax, PAYE/NIC, VAT and any other assessed tax, levy or duty due (with the exception of corporation tax) to the day before the approval of the Arrangement and in respect of corporation tax in respect of any accounting period ended on or before the day before the approval of the Arrangement;

**Ordinary Preferential Creditor** is a Creditor with a Debt falling within section 175 of the Act, and whose Debt falls within the definition of an 'ordinary preferential debt' as given to that term in section 386 of the Act, and 'Ordinary Preferential Debt' shall be construed accordingly;

**paragraphs** are Paragraphs of these Conditions, and 'Sub-paragraph shall be construed accordingly';

**Preferential Creditor** is an Ordinary Preferential Creditor or a Secondary Preferential Creditor and Preferential Debt shall be construed accordingly;

**Property** has the meaning given to it in section 436 of the Act;

**The Rules** means the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 as amended;

**Secondary Preferential Creditor** is a Creditor with a Debt falling within section 175 of the Act, and whose Debt falls within the definition of a 'secondary preferential debt' as given to that term in section 386 of the Act, and Secondary Preferential Debt shall be construed accordingly;

**Secured Creditor** and **Security** have the meaning given to them in section 248 of the Act;

**Secretary of State** means the Secretary of State for Business, Energy and Industrial Strategy or any successor office;

**Shareholders** are the holders of ordinary or preference shares in the Company;

**Supervisor** is the person or persons for the time being appointed to supervise the implementation of the Arrangement;

**Trust Realisation Period** is the period of time from commencement of the Arrangement and continues, notwithstanding expiry, termination or full implementation of the Arrangement until the realisation and distribution of sums due to Creditors under the Arrangement terms.

- 1.2 References in the Arrangement to any statutory provision shall include a reference to any modification or re-enactment thereof for the time being in force.

## **2 The Conditions**

The Conditions are an integral part of the Arrangement. In the event of any ambiguity or conflict between the Conditions and the Proposal and any modifications to it, the Proposal as modified shall prevail.

### **Part 2: Commencement, Effect, and duration of Arrangement**

## **3 Commencement of Arrangement**

The Arrangement shall come into effect upon the approval thereof by the Creditors pursuant to the provisions of the Act and Rules.

## **4 Nature and effect of the Arrangement**

- 4.1 **[Nature of Arrangement:]** The Arrangement is a proposal under Part I of the Act for a scheme of arrangement of the Company's affairs or a composition in full and final satisfaction of the Company's Debts.
- 4.2 **[Claims against third parties:]** Unless the Proposal indicates to the contrary, nothing in the Arrangement shall be construed as effecting a composition or satisfaction of any Debt owed by a person other than the Company, whether that Debt is owed jointly by the Company or otherwise. Therefore, the release of the Company from its debts by the terms of Arrangement shall not operate as a release of any co-debtor for the same debts.

- 4.3 **[Restriction on Creditors' rights:]** After the commencement of the Arrangement, no Creditor shall (save with the consent of the Supervisor), in respect of any Debt which is subject to the Arrangement:
- (a) have any remedy against the property of the Company;
  - (b) commence or continue any action or other legal proceeding against the Company.
- 4.4 **[Suspension of limitation period:]** The Company agrees that any limitation period accruing in respect of a Debt which is subject to the Arrangement shall be suspended until expiry, termination or full implementation of the Arrangement, whichever is sooner.
- 4.5 **[Saving for certain rights:]** Nothing in this Paragraph or elsewhere in the Conditions shall be construed as affecting the following rights:
- (a) the right of any Secured Creditor to enforce its Security, except with the Secured Creditor's consent;
  - (b) the right of the Supervisor to present a winding-up petition under section 7(4)(b) of the Act for default in connection with the Arrangement;
  - (c) the right of any Creditor to bring or continue legal proceedings against the Company and to obtain a judgment against the Company in the full amount of its Debt for the sole purpose of making a claim against an insurer of the Company by virtue of the Third Party (Rights Against Insurers) Act 2010.

## 5 Existing proceedings against Company

- 5.1 **[Discontinuance of existing proceedings:]** Legal proceedings against the Company in existence at the commencement of the Arrangement in respect of Debts which are subject to the Arrangement shall, unless they are of a type contemplated by Paragraph 4.5 or the Supervisor otherwise directs, be discontinued by the Creditor with no order as to costs as soon after the commencement of the Arrangement as is practicable.
- 5.2 **[Waiver of Company's costs entitlement on discontinuance:]** The Company confirms that no costs entitlement arising as a result of the discontinuance of any legal action in accordance with Sub-paragraph 5.1 will be enforced and the Company waives any such rights.
- 5.3 **[Costs of existing proceedings:]** Legal costs of a Creditor in proceedings other than winding-up referred to in Sub-paragraph 5.1 shall be a Debt falling within the Arrangement.
- 5.4 **[Costs of winding-up proceedings:]** Petition costs of a Creditor who presented a winding-up petition against the Company prior to the commencement of the Arrangement shall be treated as an expense of the Arrangement to rank after the costs of the Nominee but before those of the Supervisor.

## 6 Existing diligence against Company's assets

- 6.1 **[Partly-completed execution:]** A Creditor who, before the commencement of the Arrangement, has inhibited the heritable property of the Company in respect of a Debt which is subject to the Arrangement, or has attached moveable property belonging to the Company or has arrested a Debt due to the Company from a third party in respect of such a Debt shall, unless the inhibition, attachment or arrestment was completed before the commencement of the Arrangement,

discontinue inhibition, attachment or arrestment as soon after the commencement of the Arrangement as is practicable.

6.2 **[Completion of execution or attachment]** For the purposes of Sub-paragraph 6.1:

- (a) an attachment is effective until the earlier of the, sum recoverable being paid in full to the creditor, attachment and auction of the attached item, the date six months after the item was attached or the date 28 days after the attached item was removed (the latter two options being subject to any extension permitted by law);
- (b) an inhibition will cease to have effect when it is discharged or after 5 years from when it took effect (unless re-inhibited in which case it is subject to the period of long negative prescription of 20 years) or where the property is acquired by a third party;
- (c) a third party arrestment of a Debt is completed by the receipt of the Debt or upon it becoming prescribed.

## 7 Mutual credit and set-off

7.1 **[Application:]** This Paragraph applies where before the commencement of the Arrangement there have been mutual credits, mutual debts or other mutual dealings between the Company and any Creditor.

7.2 **[Account to be taken:]** An account shall be taken of what is due from each party to the other in respect of the mutual dealings and the sums due from one party shall be set-off against the sums due from the other.

7.3 **[No account where Creditor has notice:]** Sums due from the Company to another party shall not be included in the account taken under Sub-paragraph 7.2 if that other party had notice at the time they became due that a winding-up petition relating to the Company was pending, an application for an administration order was pending, a notice of intention to appoint an administrator was pending or that a moratorium under Part A1 of the Act was in force.

7.4 **[Restriction on post-commencement set-off:]** Other than as provided for in this Paragraph, set-off shall not be available in respect of any Debt or item of Property.

7.5 **[Balance provable or to be paid:]** Only the balance (if any) of the account taken under Sub-paragraph 7.2) is provable in the Arrangement or, as the case may be, to be paid to the Company or, if the Proposal so provides, to the Supervisor.

## 8 Duration and expiry of Arrangement

8.1 **[General rule:]** Unless extended under the provisions of these Conditions, the Arrangement shall continue until the end of the period stated in the Proposal at which time it shall expire by effluxion of time.

8.2 **[Extension of duration by Supervisor or Creditors' Committee:]** The Supervisor, Creditors' Committee and Creditors may extend the duration of the Arrangement in accordance with the terms of the Proposal and the Supervisor shall send a notice of any extension (Extension Notice) to the Company and all Creditors and Shareholders.

8.3 **[Extension Notice:]** An Extension Notice shall be sent not less than 7 days prior to the date upon which the Arrangement is otherwise due to be fully implemented and must state the reason or reasons for the extension.

- 8.4 **[Effect of extension:]** In the event of an Extension Notice being sent, the Arrangement shall continue for the period specified therein, or for the maximum allowable period for that extension commencing on the date immediately after that on which the Arrangement would otherwise have been fully implemented, whichever is sooner.
- 8.5 **[Supervening notice of a decision procedure:]** If a Decision Procedure has been initiated by the Supervisor with a Decision Date after the Arrangement would otherwise have expired, the duration of the Arrangement shall be extended to the Decision Date.
- 8.6 **[Further extension:]** Any extension for a period longer than that provided for in the Proposal shall require approval as a variation of the Arrangement.

## 9 Full Implementation of Arrangement

- 9.1 **[Certificate of full implementation:]** Upon the full implementation of the Arrangement, the Supervisor shall, if the Company has complied with its obligations under the Arrangement, issue a notice (Certificate of Full Implementation) stating that the Arrangement has been fully implemented.
- 9.2 **[Effect of full implementation:]** Save to the extent provided in these Condition or the Proposal, upon the issue by the Supervisor of a Certificate of Full Implementation, the Company shall be released from all Debts which are subject to the Arrangement.
- 9.3 **[Notification of full implementation:]** Copies of the Certificate of Full Implementation issued under this Paragraph shall be sent by the Supervisor to the Company, the Creditors and the Shareholders together with the Supervisor's report under Rule 2.43 (termination or full implementation of the CVA).

## 10 Substantial Compliance

- 10.1 **[Issue of notice where substantial compliance]** The Supervisor may issue a Certificate of Full Implementation notwithstanding that the Company has not complied with all of its obligations under the Arrangement provided the Company has:
- (a) made all the payments required under the terms of the Arrangement;
  - (b) provided a full explanation of any breach of the terms of the Arrangement required by the Supervisor;
  - (c) paid to the Supervisor such sum (if any) as the Supervisor shall reasonably have required to compensate the Creditors for any reduction in Dividend caused by the Company's breach of the terms of the Arrangement.
- 10.2 **[Notification to creditors:]** Where the Supervisor proposes to issue a Certificate of Full Implementation under Sub-paragraph 10.1, the Supervisor shall notify the Creditors and invite them to submit any comments within 21 days from the date of notification.
- 10.3 **[Treatment as full implementation:]** If the Supervisor issues a Certificate of Full Implementation under Sub-paragraph 10.1, the Arrangement shall be treated as fully implemented for the purposes of Rule 2.43 (termination or full implementation of the CVA).

## 11 Termination of Arrangement

- 11.1 **[Termination in certain circumstances:]** The Arrangement shall terminate upon the earlier of:

- (a) the Supervisor issuing a Notice of Termination under Paragraph 67;
- (b) the making of a winding-up order against the Company;
- (c) the passing of a resolution for the voluntary winding-up of the Company;
- (d) the dissolution of the Company; or
- (e) the Company entering administration.

11.2 **[Notice of termination:]** The Supervisor shall, on discovering the occurrence of a terminating event, but in any event not more than 28 days after such discovery, give notice of such termination and its reason to the Company, the Directors of the Company, Shareholders, Creditors and the Secretary of State, together with the Supervisor's report under Rule 2.43 (termination or full implementation of the CVA).

### **Part 3: Supervisor's Functions, Powers etc**

#### **12 Supervisor's functions**

12.1 **[Primary function:]** The Supervisor's primary function is to supervise performance of the Company's obligations under the Arrangement and to administer the Arrangement.

12.2 **[Other functions:]** The Supervisor shall also undertake such functions as are provided for in the Proposal, Act and Rules. In addition, the Supervisor shall place money coming into the Supervisor's hands during the course of the Arrangement on deposit with any established United Kingdom clearing bank or building society.

#### **13 Supervisor's powers**

13.1 Subject to those powers more particularly given in the Arrangement, Act and Rules, the Supervisor shall have the following powers:

- (a) **[Getting in assets:]** power to take possession of, collect, get in and hold any or all of the assets which, under the terms of the Arrangement, the Supervisor is to hold as trustee, including any instalment payments;
- (b) **[Realisation of assets:]** power to sell or otherwise dispose of any asset referred to in Sub-paragraph 13.1 (a) in such manner as may seem to the Supervisor expedient;
- (c) **[Putting funds on deposit:]** power to place money coming into the Supervisor's hands during the course of the Arrangement on deposit with any established United Kingdom clearing bank or building society;
- (d) **[Payment:]** power to pay the costs and expenses of the Arrangement;
- (e) **[Agreement of Creditor claims:]** power to determine Creditors' claims and enter into any compromise or arrangement with any creditor alleging that they have a claim;
- (f) **[Distribution:]** power to make payments to Creditors pursuant to the terms of the Arrangement;
- (g) **[Appointing agents:]** power to engage legal representatives, managers, agents and other persons to assist in the performance of the Supervisor's functions under the Arrangement;

- (h) **[Delegation:]** power to delegate to the Supervisor's firm and any appropriate partner, director, employee or agent thereof any or all of the Supervisor's duties and functions under the Arrangement save those which by law the Supervisor is required to perform personally;
- (i) **[Insurance:]** power to effect and maintain insurances in respect of any asset subject to the Arrangement;
- (j) **[Power to claim:]** power to rank, claim and draw a dividend in respect of such debts owed to the Company as fall within the Arrangement;
- (k) **[Power to direct Company:]** power, in the event that the Supervisor is unable or it is impracticable to do any act or thing which the Supervisor is empowered to do, to direct the Company to do that act or thing;
- (l) **[Winding up:]** power to commence winding-up proceedings in respect of the Company pursuant to the terms of the Arrangement;
- (m) **[Ancillary power:]** power to make any necessary or incidental payments and to do any other act or thing which is necessary or expedient for the purposes of exercising the above powers or for carrying out the Supervisor's functions under the Arrangement.

13.2 Where more than one person is appointed as Supervisor, any act required or authorised to be done under any enactment or otherwise may be done by all or any one or more of the persons for the time being holding office.

#### **14 Supervisor's powers after expiry, full implementation or termination**

14.1 **[Exercise of powers:]** The expiry, full implementation or termination of the Arrangement shall not affect the Supervisor's power to carry out such functions and to exercise such powers as are necessary for the Supervisor to fully carry out the duties, obligations and responsibilities of the Supervisor under the Arrangement, Act and Rules and to resolve such matters as may have arisen during the course of the Arrangement. This includes, but is not limited to, any duties, obligations and responsibilities in respect of assets held by the Supervisor on trust.

14.2 **[Retention of funds by Supervisor:]** Upon the expiry, full implementation or termination of the Arrangement, the Supervisor shall be entitled to retain, for such period as is reasonably necessary and from any funds under the Supervisor's control, such monies as the Supervisor reasonably thinks fit on account of fees, costs, charges, liabilities and expenses, and the Supervisor shall advise Creditors and the Company in writing of the quantum of the funds so retained and the reasons why.

#### **15 Exercise of Supervisor's functions and powers**

15.1 **[Application of winding-up provisions:]** In the event that the Arrangement does not provide guidance to the Supervisor as to what action should be taken in any given situation, the Supervisor shall apply the provisions of the Act and Rules in so far as they relate to winding-up with necessary modifications to refer to a voluntary arrangement.

15.2 **[Consultation of Creditors:]** If the Supervisor is uncertain as to what action should be taken in any situation, or wishes to ascertain the wishes of Creditors on a matter concerning the Arrangement, the Supervisor may seek the advice and/or direction of the Creditors' Committee and/or the majority or most material of the Creditors and may act upon such advice and/or direction.



15.3 **[Directions from the Court:]** This Paragraph is without prejudice to the Supervisor's right to refer matters concerning the Arrangement to the Court for guidance and/or directions.

## 16 Restriction upon Supervisor's duty and liability

16.1 **[Supervisor's duty:]** The Supervisor shall be under no obligation to perform any act or carry out any function nor take part in the management of the Company in any way and will have no duties or responsibilities except as expressly set out in the Arrangement or imposed under the Act or Rules.

16.2 **[Supervisor's liability:]** Neither the Supervisor, the Supervisor's firm or any of that firm's or the Supervisor's agents or employees shall incur any personal liability in negligence or otherwise for any act or omission in connection with the Arrangement, unless such act or omission constitutes one of dishonesty or a breach of the Supervisor's obligations under the Act, Rules or the Arrangement.

## 17 Supervisor's resignation

17.1 **[Methods of resignation:]** A Supervisor may resign from office with the approval of Creditors sought via a Decision Procedure, with the permission of the Court or in the circumstances set out in Paragraph 17.3 below.

17.2 **[Grounds of Supervisor's resignation:]** The sole Supervisor may only resign from office on one or more of the following grounds:

- (a) ill health;
- (b) cessation of practice as an insolvency practitioner;
- (c) change of circumstances rendering it impracticable to continue in office.

17.3 **[More than one supervisor:]** Where there is more than one supervisor in office, a Supervisor may resign without seeking the approval of the Creditors or permission of the court where it is considered to be impracticable or no longer necessary to have the present number of persons acting as Supervisor to the Arrangement and at least one supervisor shall remain in office notwithstanding the resignation. In these circumstances notice of the resignation of a Supervisor shall be given in the next report to Creditors when otherwise due.

17.4 **[Report of Supervisor's administration:]** The notice to Creditors in a Decision Procedure for the purpose of receiving the resignation of a Supervisor shall specify the grounds upon which the Supervisor wishes to resign and shall be accompanied by a report of the Supervisor's administration of the Arrangement which includes an up to date summary of receipts and payments.

## 18 Removal of Supervisor from office

18.1 **[Methods of removal:]** The Supervisor may be removed from office only by an order of the Court, or by a decision of the Creditors requested specifically for that purpose.

18.2 **[Notice of requisitioned decision procedure:]** Any notice served by a Creditor upon the Supervisor under Paragraph 57.5 (content of notice requisitioning a decision) for the purpose of initiating a decision of Creditors to remove the Supervisor from office must set out the grounds upon which removal is sought.

18.3 **[Report of Supervisor's administration:]** The notice sent out by the Supervisor to Creditors convening such a Decision Procedure shall specify the grounds upon which removal is sought and shall be accompanied by a report of the Supervisor's administration of the Arrangement including an up to date summary of receipts and payments.

## 19 Vacation of Office by Supervisor

19.1 **[Resignation/removal of Supervisor where more than one acting:]** If the Creditors resolve to remove a Supervisor from office, or a joint Supervisor resigns, and there will be another person in the office of Supervisor for the time being, the Supervisor who is resigning or being removed shall vacate office immediately.

19.2 **[Resignation/removal of Supervisor where no other acting:]** If the Creditors resolve to accept a Supervisor's resignation or to remove a Supervisor from office, and there is no other person in the office of Supervisor for the time being, that resignation and/or removal shall not take effect and the Supervisor shall not vacate office unless and until the Creditors by a Decision Procedure, or the Court, appoints a replacement Supervisor.

19.3 **[Loss of qualification:]** The Supervisor shall vacate office immediately if the Supervisor ceases to be a person who is for the time being qualified to act.

19.4 **[Notice of vacation of office:]** A Supervisor who, for any reason other than as set out in Paragraph 17.3, vacates office shall forthwith give notice of that fact to the Company, the Shareholders and the Creditors.

19.5 **[Duties of Supervisor upon vacation of office:]** A Supervisor who, for any reason, vacates office shall, as soon as practicable, deliver up to any successor all books, records and papers relating to the Arrangement and the Supervisor's administration thereof together with all assets of which the Supervisor is a trustee under the terms of the Arrangement.

19.6 **[Continuing duty of former Supervisor:]** Former Supervisors shall be obliged to give such assistance to the Supervisor of the Arrangement from time to time as may be reasonably required for ascertaining what transpired during the tenure of office by the former Supervisor.

## 20 Vacancy in the office of Supervisor

20.1 **[Decision of Creditors to fill vacancy]** If, for any reason, there is a vacancy in the office of Supervisor, that vacancy may be filled by the Creditors by way of a Decision Procedure, or by the Court.

20.2 **[Seeking appointment where no Supervisor acting]** If no Supervisor is in office, the Company, any Director, any Creditor, any person who was in partnership with the Supervisor immediately before the vacancy occurred, the former Supervisor's authorising body, or any other interested party may convene a Decision Procedure to fill the vacancy.

20.3 **[Chair where no Supervisor acting:]** In the event that a meeting of Creditors is called when no Supervisor is in office, the convenor shall act as chair of the meeting.

## 21 Release of Supervisor

Upon the termination or full implementation of the Arrangement and the Supervisor having dealt with the assets in the Supervisor's possession in accordance with the terms of the Arrangement, the Supervisor shall be released by each Creditor from any further obligations or liability in respect of the Arrangement or any trusts created thereby and in respect of acts and omissions

of theirs or otherwise in relation to their conduct as Supervisor. Each Creditor shall and hereby does waive all claims or rights which the Creditor may have against the Supervisor in respect of such matters.

## **22 Supervisor's fees, costs and expenses**

- 22.1 **[Amount of fees:]** The Supervisor shall be entitled to charge fees for services in accordance with the time actually and reasonably expended by the Supervisor and the Supervisor's staff in carrying out the Supervisor's functions under the Arrangement by reference to the ordinary hourly rates of the Supervisor and the Supervisor's staff as shall apply from time to time.
- 22.2 **[Payment of fees, costs and expenses:]** The fees, costs, charges and expenses of the Supervisor shall be paid out of the assets of the Arrangement from time to time as the Supervisor thinks fit. The Supervisor shall provide such information to any Creditors' Committee appointed in relation to the Arrangement as is reasonably necessary to explain how the fees, costs, charges and expenses were determined or incurred, as the case may be.
- 22.3 **[Supervisor's right of recourse to Court:]** If the Supervisor is dissatisfied with a determination of the Creditors' Committee or a decision of Creditors on a matter involving fees, costs, charges and/or expenses, the Supervisor shall have the right to refer the matter to the Court, whose decision on the matter shall bind all parties.

## **Part 4: Company's Warranty, Duties & Obligations**

### **23 Company's warranty**

- 23.1 **[Disclosure in Proposal:]** The Directors of the Company warrant that the Proposal discloses full and complete particulars of all matters required under the Act and Rules including (without prejudice to the generality of the foregoing) particulars of all of the Company's assets, debts and liabilities, whether actual, contingent or prospective.
- 23.2 **[Accuracy of Proposal:]** The Directors of the Company warrant that the contents of the Proposal are true and accurate in all material respects as at the date of the commencement of the Arrangement, subject only to those qualifications that may be disclosed by the Directors of the Company to the Creditors considering the approval of the Arrangement and recorded by the Supervisor in reporting under Rule 2.37 (report of the consideration of a proposal).
- 23.3 **[Disclosure of third party information:]** The Company authorises any Creditor to disclose to the Supervisor such information relating to the Company and the Company's dealings or property as may reasonably be required to assist in the implementation of the Arrangement.

### **24 Company's duties in relation to the Supervisor**

- 24.1 **[Duty to co-operate with Supervisor:]** The Directors of the Company undertake and agree to:
- (a) give to the Supervisor such information as to the Company's assets, liabilities and other affairs;
  - (b) attend on the Supervisor and the Supervisor's agents, representatives or nominees at such times; and
  - (c) do all such other things;

as the Supervisor shall reasonably require for the purpose of carrying out the Supervisor's functions and duties under the Arrangement, including as trustee and/or following the expiry, full implementation or termination of the Arrangement.

- 24.2 **[Duty to submit accounts:]** The Directors of the Company undertake and agree to furnish the Supervisor with accounts relating to the Company's affairs of such nature, as at such date and for such period as the Supervisor may reasonably require.

## 25 Further Documents

Without prejudice to the generality of the Company's other duties under the Arrangement, the Company or its Directors shall, at the request of the Supervisor, execute such Mortgages, Charges, Deeds, Transfers, Trusts, Powers of Attorney or other documents as may reasonably be required by the Supervisor for the protection and/or realisation of assets, to secure the Company's compliance with the Company's obligations under the Arrangement, or otherwise to facilitate the implementation of the Arrangement.

## 26 Company's acknowledgement

- 26.1 **[Agreement to be bound:]** The Directors of the Company undertake to procure that the Company shall carry out the obligations imposed upon the Company under the Arrangement in full and at the times provided for.
- 26.2 **[Consequences of breach:]** The Directors of the Company acknowledge that a likely consequence of the Company's failure to comply with the Company's obligations hereunder in full and at the times provided for is that the Arrangement will fail and the Company will be wound up on a petition presented by the Supervisor.
- 26.3 **[Section 6A:]** Each of the Directors of the Company acknowledge that they commit an offence if any false representation is made or any other fraud is committed for the purpose of obtaining the approval of Shareholders or Creditors to the Arrangement.

## Part 5: Arrangement Assets

### 27 Trust of Arrangement assets

- 27.1 **[Company Assets and Excluded Assets]** Property other than Excluded Assets belonging to or vested in the Company at the date of commencement of the Arrangement shall be subject to the Arrangement and be an asset thereof. Property constituting an asset of the Arrangement in the possession, custody or control of the Company shall be held by the Company upon trust for the purposes of the Arrangement during the Trust Realisation Period in accordance with this Arrangement.
- 27.2 **[Assets in the possession of the Supervisor]** Property constituting an asset of the Arrangement in the possession, custody or control of the Supervisor shall be held by the Supervisor upon trust for the purposes of the Arrangement.
- 27.3 **[Actions during the Trust Realisation Period]** The Supervisor will get in and realise assets which are subject to the trust and which are capable of being realised during the Trust Realisation Period.
- 27.4 **[Effect of expiry or termination]** The trusts referred to in Sub-paragraph 27.1 and 27.2 shall not come to an end upon expiry or termination of the Arrangement but such assets as are

contained within the trust shall be distributed to Creditors in accordance with the terms of the Proposal. At the expiry of the Trust Realisation Period, the trust shall come to an end.

- 27.5 **[Effect of full implementation]** Upon the issuing of a Certificate of Full Implementation under Paragraph 9, the trusts referred to in Sub-paragraphs 27.2 shall not come to an end but such assets as are contained within the trust shall be paid to the Company. At expiry of the Trust Realisation Period, the trust shall come to an end.
- 27.6 **[Effect of winding-up]** In the event that a Winding-up Order is made against the Company, any assets held by the Supervisor prior to the making of that Order shall be applied and distributed in accordance with the terms of the Arrangement and the trust shall terminate solely in respect of assets of the Company not yet held by the Supervisor.

## **Part 6: Claims of Debt**

### **28 Notice to Submit Claims**

As soon as practicable after the commencement of the Arrangement, and provided no application under Section 6 of the Act (*challenge of decisions*) or an appeal under Rule 3.108(5) (*appeals against decisions*) is pending, the Supervisor shall send a notice ('Notice to Submit Claims') to every Creditor and other person to whom the Company may be indebted of whom the Supervisor has notice requiring them to provide such details of their Debts as the Supervisor thinks fit.

### **29 Submission of Claims**

Creditors shall submit their Claims in writing to the Supervisor in the form, if any, required by the Supervisor, or one which is substantially similar.

### **30 Withdrawal and variation of Claims**

- 30.1 **[Withdrawal by written notice]** A Creditor may withdraw a Claim at any time by delivering a written notice to the Supervisor.
- 30.2 **[Variation of amount by agreement]** The amount claimed by a Creditor's Claim may be varied at any time by agreement between the Creditor and the Supervisor.

### **31 Production of documents**

The Supervisor may call for any document or other evidence to be produced for the purpose of substantiating the whole or any part of the Claim.

### **32 Witness statement substantiating Claim**

The Supervisor may require a Claim to be verified by witness statement with a statement of truth.

### **33 Supervisor to allow inspection of Claims**

The Supervisor shall, so long as Claims are in the Supervisor's possession, allow them to be inspected, at all reasonable times on any business day, by:

- 33.1 any Creditor who has delivered a Claim (unless the Proof has been wholly rejected for the purposes of Dividend, or otherwise); and

33.2 a person acting on behalf of any such Creditor.

#### **34 Admission and rejection of Claims for Dividend**

34.1 **[Admission]** The Supervisor may admit or reject a Claim for Dividend in whole or in part.

34.2 **[Rejection]** If the Supervisor rejects a Claim in whole or in part, the Supervisor must deliver to the Creditor a written statement of reasons for so doing, as soon as reasonably practicable.

#### **35 Appeal against decision on Claim**

35.1 **[Application by Creditor]** If a Creditor is dissatisfied with the Supervisor's decision with respect to the Creditor's own Claim (including a decision whether the Debt is preferential), the Creditor may apply to the Court, within 21 days (or such longer period as the Court shall allow) of receiving the statement sent under Paragraphs 34.2 or 36.2, for the decision to be reversed or varied.

35.2 **[Application by other parties]** The Company or any other Creditor may, if dissatisfied with the Supervisor's decision admitting or rejecting the whole or any part of a Claim or agreeing to revalue a Creditor's security, make such an application within 21 days (or such longer period as the Court shall allow) of becoming aware of the Supervisor's decision.

35.3 **[Costs of appeal]** The Supervisor is not personally liable for the costs incurred by any person in respect of an appeal under this Paragraph unless the Court so orders.

#### **36 Debts of uncertain and small value**

36.1 **[Estimation of Debt or liability]** The Supervisor shall estimate the value of any Debt which, by reason of its being subject to a contingency or for any other reason, does not bear a certain value.

36.2 **[Notification to Creditor]** The Supervisor shall notify the Creditor in writing of any such estimate. If the Creditor is dissatisfied with the Supervisor's decision the Creditor may exercise the right of appeal under Paragraph 35.

36.3 **[Claim of Debts of uncertain value]** Where the value of any Debt is estimated by the Supervisor under Sub-paragraph 36.1, the amount provable in the Arrangement shall be the amount of the estimate.

36.4 **[Small Debts]** Any Creditor whose Debt does not exceed £1,000 need not (unless so required by the Supervisor) submit a Claim to the Supervisor and the Supervisor may admit such Debt and pay a Dividend accordingly. Where the Supervisor intends to admit a Debt in that manner, the Supervisor shall send a notice to the Creditor (which may form part of any other notice) stating the amount the Supervisor believes is owed, that the Supervisor intends to treat it as admitted for the purposes of the Arrangement, and require the Creditor to notify the Supervisor by the last date for Claims if the amount of the Debt is incorrect or if no debt is owed.

#### **37 Secured Creditors**

37.1 **[Proving for balance of Debt]** A Secured Creditor may submit a Claim for the balance of Debt (if any) after deducting the value of that Creditor's Security.

- 37.2 **[Voluntary surrender of Security]** If a Secured Creditor voluntarily surrenders its Security for the general benefit of the Creditors, that Creditor may submit a Claim for the whole Debt as if it were unsecured.
- 37.3 **[Altering value of Security]** A Secured Creditor may, with the agreement of the Supervisor or the permission of the Court, at any time alter the value put upon that Creditor's Security in a Claim.
- 37.4 **[Test of Security's value]** If the Supervisor is dissatisfied with the value which a Secured Creditor puts on a Security in the Creditor's Claim, the Supervisor may require the Secured Creditor to obtain a professional valuation of any property comprised in the Security by a person agreed as between the Creditor and the Supervisor, or in default of such agreement by the Court. The costs of the valuer shall form part of the Secured Creditor's cost of proving.
- 37.5 **[Professional valuation treated as amended valuation]** Where a professional valuation has been carried out under the previous Sub-paragraph, that valuation shall be treated as an amended valuation of the Creditor.
- 37.6 **[Realisation of Security]** If a Creditor who has valued Security subsequently realises it:
- (a) the Creditor shall forthwith notify the Supervisor and shall give the Supervisor such information relating thereto as the Supervisor may reasonably require;
  - (b) the net amount realised shall be substituted for the value previously put by the Creditor on the Security, and
  - (c) that amount shall be treated in all respects as the Creditor's amended valuation.

### **38 Foreign currency Debts**

**[Conversion into sterling]** For the purpose of proving for a Debt incurred or payable in a currency other than sterling, the amount of the Debt shall be converted into sterling at a single rate for each currency determined by the Supervisor by reference to the exchange rate prevailing at the date of commencement of the Arrangement.

### **39 Interest on Debts**

Where a Debt bears interest, that interest is provable as part of the Debt except in so far as it is payable in respect of any period after the commencement of the Arrangement.

### **40 Cost of submitting Claims**

- 40.1 **[Creditor bears cost of submitting Claim]** Every Creditor bears the cost of submitting that Creditor's own Claim, including costs incurred in providing any document or evidence to the Supervisor.
- 40.2 **[Supervisor's costs]** Costs incurred by the Supervisor in estimating the value of a Debt of uncertain value shall be an expense of the Arrangement.

## **Part 7: Creditors who do not have Notice**

### **41 Claim arising where funds available**

If, at the time the Claim is notified to the Supervisor, the Arrangement is continuing and the Supervisor is holding sufficient funds to pay a Dividend to such Creditor or Creditors, then the

Supervisor will (subject to agreement of the Claim) forthwith pay to the Creditor a Dividend of an amount which is on the same basis as the Dividends already paid. Such payments will be made before any further payments to any other Creditors and will be paid so as to bring about an equalisation in Dividends between Creditors who fall within section 5(2)(b)(i) of the Act on the one hand and section 5(2)(b)(ii) of the Act on the other hand.

#### **42 Claim arising where no funds available**

If a Claim is notified to the Supervisor at a time when the Supervisor is holding no funds available for payment of a Dividend, then as and when any funds are received, the Supervisor will (subject to agreement of the Claim) out of such funds first make such payment to such Creditors so as to bring about an equalisation as aforesaid.

#### **43 Effect of Claim on Company**

43.1 **[Claim not to constitute default]** The notification to the Supervisor of any such Claim shall not constitute an act of default unless the failure to give notice to such Creditor was a deliberate act on the part of the Directors.

43.2 **[Obligation to provide further funds]** Unless the Proposal otherwise provides, there shall be no obligation upon the Company to pay to the Supervisor any further sums of money or make any further assets available (other than already provided for in the Proposal) so as to meet the Claim falling to be dealt with under section 5(2)(b)(ii) of the Act unless the Proposal as agreed provides for a minimum Dividend to be paid to Creditors.

#### **44 Notification of Claim to Creditors**

On receipt of any such Claim, the Supervisor will notify all Creditors bound of such receipt, the name of the Creditor, the amount of the Claim and will provide such other information as may be relevant, including particulars as to the Directors' explanation why the Creditor was not given notice and the impact which such Claim is likely to have on the outcome of the Arrangement. Such notification may, if the Supervisor considers it appropriate, be included in the progress report to Creditors, provided that such report is due to be circulated within a period of three months from the date on which the Claim is notified. Where, in the opinion of the Supervisor, the Claim, whether taken alone or in conjunction with other such Claims, will not materially reduce the amount of the estimated Dividend, the Supervisor may defer notification and include it in the next progress report.

#### **45 Claim arising after Arrangement ceases to have effect**

If the Claim is notified to the Supervisor after the date on which the Arrangement ceases to have effect, then the Creditor shall be entitled to rely upon section 5(2A) of the Act and shall be entitled to recover from the Company such sum as the Creditor would have received had the Claim been notified to the Supervisor prior to the date on which the Arrangement ceased to have effect and the Supervisor had been able to include the Claim in the Arrangement for the purpose of payment of Dividends or distributions. The Supervisor shall be under no obligation to agree any such Claim, or take any action in respect thereof, other than to furnish the Creditor who relies on section 5(2A) with a certificate as to the Dividend or distribution the Creditor would have received had the Claim been included in the Arrangement for Dividend or distribution purposes and on the assumption that the Claim would have been agreed in the sum claimed.



## Part 8: Payment of Dividends

### 46 Distribution by Dividend

46.1 **[Duty to declare and distribute Dividends]** At the time or times specified in the Proposal or, if none, whenever the Supervisor has sufficient funds in hand for the purpose, the Supervisor shall, subject to the retention of such sums as may be necessary for payment of the expenses of the Arrangement, declare and distribute Dividends among the Creditors in respect of the Debts which they have proved.

46.2 **[Calculation and distribution of Dividend]** In the calculation and distribution of a Dividend the Supervisor shall make provision:

- (a) for any Debts which are the subject of Claims which have not yet been determined; and
- (b) for any disputed Debts.

### 47 Notice of intended Dividend

47.1 **[Notice to Creditors who have not proved]** No more than three months before declaring a Dividend to non-Preferential Creditors, the Supervisor shall give notice of the intention to do so to all such Creditors whose addresses are known to the Supervisor and who have not proved.

47.2 **[Last date for submitting Claims]** Any notice sent out to Creditors under Sub-paragraph 47.1 shall specify a date ('Last Date for Submitting Claims') up to which a Claim may be delivered. The Last Date for Submitting Claims shall be the same for all Creditors and not less than 21 days from the date of the notice.

### 48 Notice of declaration

48.1 **[Notice to Creditors who have claimed]** The Supervisor shall give notice of the Dividend to all Creditors who have claimed for their Debts.

48.2 **[Particulars in notice]** The notice shall include the following particulars:

- (a) amounts realised from the sale of assets subject to the Arrangement, indicating (so far as practicable) amounts realised by the sale of particular assets, and/or amounts paid by the Company to the Supervisor under the Arrangement;
- (b) payments made by the Supervisor during the course of the Arrangement;
- (c) provision (if any) made for unsettled claims and funds (if any) retained for particular purposes;
- (d) the total amount to be distributed and the rate of Dividend;
- (e) whether, and if so when, any further Dividend is expected to be declared.

48.3 **[Simultaneous distribution]** The Dividend may be distributed simultaneously with the notice declaring it.

48.4 **[Method of payment]** Payment of Dividend may be made by post, or arrangements may be made with any Creditor for it to be paid in another way, or held for collection. Neither the Supervisor nor the Company shall be responsible for any loss in transmission. The encashment of any cheque shall be a good discharge to the Company for the monies represented thereby.

48.5 **[Endorsement in negotiable instrument]** Where a Dividend is paid on a bill of exchange or other negotiable instrument, the amount of the Dividend shall be endorsed on the instrument, or on a certified copy of it, if required to be produced by the holder for that purpose.

#### **49 Claim altered after payment of Dividend**

49.1 **[Amount claimed increased]** If, after payment of the Dividend, the amount proved for by a Creditor is increased, the Creditor is not entitled to disturb the distribution of the Dividend; but is entitled to be paid, out of any money for the time being available for the payment of any further Dividend, any Dividend or Dividends which the Creditor has failed to receive before that money is applied to the payment of any such further Dividend.

49.2 **[Claim withdrawn, disallowed, reduced]** If, after a Creditor's Claim has been admitted, the Claim is withdrawn or disallowed, or the amount of it is reduced, the Creditor shall repay to the Supervisor any amount overpaid by way of Dividend.

#### **50 Secured Creditors**

50.1 **[Application of Paragraph]** The following applies where a Creditor re-values Security at a time when a Dividend has been declared.

50.2 **[Reduction in unsecured claim]** If the re-valuation results in a reduction of the Creditor's unsecured claim ranking for Dividend, the Creditor shall, as soon as practicable, repay to the Supervisor any amount received as Dividend in excess of that to which the Creditor would be entitled having regard to the re-valuation of the Security.

50.3 **[Increase of unsecured claim]** If the re-valuation results in an increase of the Creditor's unsecured claim, the Creditor is entitled to receive from the Supervisor, out of any money for the time being available for the payment of a further Dividend, before any such Dividend is paid, any Dividend or Dividends which the Creditor has failed to receive, having regard to the re-valuation of the Security. However, the Creditor is not entitled to disturb any Dividend declared (whether or not distributed) before the date of the revaluation.

#### **51 Assignment of Debts or rights to Dividend**

51.1 **[Notice of assignment]** If a Creditor entitled to a Dividend gives notice to the Supervisor that the Creditor wishes the Dividend to be paid to another person, or that the Creditor has assigned its entitlement or Debt to another person, the Supervisor shall pay the Dividend to that other person accordingly.

51.2 **[Contents of notice]** A notice given under this Paragraph must specify the name and address of the person to whom payment is to be made.

#### **52 Debts payable at future time**

52.1 **[Debts payable at a future time]** A Creditor may claim for a Debt which does not depend on a contingency but would not be payable but for the Arrangement until after the date of commencement of the Arrangement.

52.2 **[Entitlement to Dividend]** Where a Creditor has claimed for a Debt of which payment is not due at the date of the declaration of Dividend, the Creditor is entitled to the Dividend equally with other Creditors, but subject as follows.

52.3 **[Amount which may be claimed]** For the purpose of Dividend (and no other purpose), the amount of the Creditor's admitted Claim (or, if a distribution has previously been made to the Creditor, the amount remaining outstanding in respect of the Creditor's admitted claim) is to be calculated as if the debt were payable on the date of commencement of the Arrangement but subject to the deduction of interest at the rate specified below from that date until the date for payment of the Debt. The rate of interest referred to in this condition, is to be whichever is the greater of:

- (a) the official rate under the Rules at the date of commencement of the Arrangement; or
- (b) the rate applicable to that Debt apart from the Arrangement.

### 53 Debts of unpaid Creditors

53.1 **[Creditors not entitled to Dividend]** Creditors who do not prove in the Arrangement (with the exception of any Debts admitted by the Supervisor under Paragraph 36.4) shall not be entitled to receive any Dividend.

53.2 **[Unclaimed Dividends paid to the Company]** Dividends due to Creditors who have proved in the Arrangement but to whom the Supervisor has been unable to pay shall, at the end of the Arrangement, be paid to the Company or, if there is one, the Company's liquidator or administrator.

53.3 **[Company liable for unclaimed Dividends]** Once a Dividend has been paid to the Company or the Company's liquidator or administrator under the previous Sub-paragraph, the Creditor must claim it from the Company or, as the case may be, the Company's liquidator or administrator and no other person.

## Part 9: Priority of Payments and Distributions

### 54 Costs and Expenses of the Arrangement

54.1 **[Expenses to be paid first]** Subject to Paragraphs 5.4 and 68 the fees, costs, charges, expenses and liabilities properly charged or incurred by or on behalf of the Nominee or the Supervisor are expenses of the Arrangement and shall be paid in priority to all other charges, expenses, liabilities and Debts.

54.2 **[Charge in relation to expenses]** The Supervisor shall have a charge on the assets subject to the Arrangement in respect of the expenses of the Arrangement.

## Part 10: The Creditors' Committee, Websites & Creditor Decisions

### 55 The Creditors' Committee

In the event that the Nominee has invited creditors to form a committee or the Creditors have so decided, the following provisions will apply:

55.1 **[Establishment]** Creditors may establish a committee ('Creditors' Committee'), consisting of not less than 3 and not more than 5 members to represent the interests of the Creditors and to provide such assistance and guidance to the Supervisor as may reasonably be required. The Nominee may invite Creditors to form a committee at the same time the Creditors' approval for the Proposal is sought.

- 55.2 **[Eligibility]** All the members of the Creditors' Committee must be Creditors of the Company; and any Creditor (other than one who is fully secured) may be a member, so long as:
- (a) the Creditor has delivered a Claim, and
  - (b) the Creditor's Claim has neither been wholly disallowed for voting purposes, nor wholly rejected for the purposes of distribution or Dividend.
- 55.3 **[Application of the Rules]** The provisions relating to the Creditors' Committee in Rules 17.1 to 17.29 shall apply to the Arrangement with any necessary modifications.
- 55.4 **[Expenses of members]** The reasonable travelling expenses directly incurred by any member of the Creditors' Committee or their representatives in respect of their attendance at the meetings of the Creditors' Committee, or otherwise on the Creditors' Committee's business, shall rank as an expense of the Arrangement.
- 56 Use of websites**
- 56.1 **[Use of websites]** Where the Supervisor is required to give, deliver, furnish or send a notice or other document or information to any person, that requirement may be satisfied by making the notice, document or information available on a website.
- 56.2 **[Application of the Rules]** The provisions of Rules 1.44, 1.45, 1.46 and 2.24(7) relating to use of websites shall apply to the Arrangement with any necessary modifications.
- 57 Power to seek a decision of Creditors**
- 57.1 **[Supervisor's power to seek a decision]** The Supervisor may seek a decision of Creditors for any purpose connected with the Arrangement.
- 57.2 **[Choice of Decision Procedure]** A decision of Creditors may be made by any Decision Procedure provided for in Rule 5.3 (the prescribed decision procedures) except that it may not be made by physical meeting unless Sub-paragraph 57.3 applies.
- 57.3 **[Power to require physical meeting]** If 10% in value, or 10% in number or 10 of the Creditors request in writing that a decision of Creditors sought by the Supervisor be taken at a physical meeting, the Supervisor shall, unless relieved by the Court from so doing, convene such a meeting within 21 days from the receipt of such request.
- 57.4 **[Power to requisition a decision]** If 25% in value of the Creditors request in writing that a decision of Creditors be sought, the Supervisor shall, unless relieved by the Court from so doing, initiate a Decision Procedure within 21 days from the receipt of such request. This is subject to any deposit for costs required under Paragraph 59 having been paid.
- 57.5 **[Content of notice requisitioning a decision]** A notice served upon the Supervisor under Sub-paragraph 57.4 shall state the decision of Creditors for which the Decision Procedure is requested.
- 57.6 **[Company request]** If the Company requests in writing that the Supervisor seek a decision of Creditors the Supervisor shall not unreasonably refuse such a request. If the Supervisor considers the request to be reasonable the Supervisor shall convene such Decision Procedure as the Supervisor considers appropriate to consider the decision.

## 58 Procedure for seeking Creditor decisions

- 58.1 **[Notice of a decision procedure]** Notice of a Decision Procedure shall be given by the convenor to every Creditor whose address is known to the convenor or identified in the Proposal at least 14 days before the Decision Date, or such shorter period as the Court may allow.
- 58.2 **[Contents of notice and procedure]** The notice and procedure shall follow, so far as applicable, the requirements of Rules 5.4 (electronic voting), 5.5 (virtual meetings), 5.6 (physical meetings) and 5.8 (notices to creditors of decision procedure).
- 58.3 **[Convenience of participants]** The convenor must have regard to the convenience of those invited to participate when making arrangements for a Decision Procedure.
- 58.4 **[Time of meeting]** Meetings of Creditors shall be convened for commencement between the hours of 10.00 and 16.00 on a business day.
- 58.5 **[Chair of meeting]** Unless Paragraph 20.3 (chair where no Supervisor acting) applies, the Supervisor, or a person experienced in insolvency matters and nominated by the Supervisor, shall be chair of the meeting.
- 58.6 **[Non-receipt of notice]** Where a decision is sought by a notice in accordance with Sub-paragraph 58.1, the Decision Procedure is presumed to have been duly initiated and conducted, even if not everyone to whom the notice is to be delivered has received it.
- 58.7 **[Exclusions from meetings]** The provisions of Rules 5.33–5.35 relating to persons excluded from meetings shall apply to the Arrangement with any necessary modifications.

## 59 Cost of requisitioned decisions

- 59.1 **[Security for payment of expenses]** Subject to Sub-paragraph 59.3 below, the cost of requisitioning a decision of Creditors at the instance of the Company or Creditors shall be paid by that person or persons, who shall deposit security for their payment with the Supervisor.
- 59.2 **[Appropriate security]** The sum to be deposited shall be such as the Supervisor determines to be appropriate; and the Supervisor shall be under no obligation to act without the deposit having been paid.
- 59.3 **[Vote for cost to be an expense of arrangement]** Where a Decision Procedure is requisitioned, the Creditors may vote that the expenses of convening and taking it shall rank as an expense of the Arrangement.
- 59.4 **[Repayment of deposit]** To the extent that any deposit made under this Paragraph is not required for the payment of expenses of convening and taking the Decision Procedure, it shall be repaid to the person who made it.

## 60 Participation in Creditor decisions

- 60.1 **[Conditions for voting]** Subject as follows, in order to be counted in a Decision Procedure other than where votes are cast at a meeting, votes must:
- (a) be received by the convenor on or before the Decision Date; and
  - (b) accompanied by a Claim in respect of the Creditor's claim, unless it has already been provided to the convenor.

- 60.2 **[Unliquidated and unascertained claims]** A Debt for an unliquidated or unascertained amount is to be valued at £1 for the purpose of voting unless the convenor, or in the case of a meeting the chair, decides to put a higher value on it.
- 60.3 **[Secured Creditors]** A Secured Creditor is entitled to vote only in respect of the balance (if any) of Debt after deducting the value of Security as estimated by the Secured Creditor.
- (a) **[Vote cast not changeable]** A vote cast in a Decision Procedure which is not a meeting may not be changed.
- (b) **[Decision to be made]** For the decision to be made, the convenor must receive at least one valid vote on or before the Decision Date.

## 61 Admission and rejection of Claims

- 61.1 **[Power to admit]** The convenor, or chair in the case of a meeting, has the power to admit or reject a Creditor's Claim for the purpose of entitlement to vote. The power is exercisable with respect to the whole or any part of the Claim, and whether the claim is secured or unsecured.
- 61.2 **[Appeal from decision]** The convenor or chair's decision on entitlement to participate is subject to appeal to the Court by any Creditor, or by the Company, within 28 days of the record of the decision being given, or such longer period as the Court shall, in the special circumstances, allow.
- 61.3 **[Voting subject to objection]** If the convenor or chair is in doubt whether a Claim should be admitted or rejected, it shall be marked as objected to and the Creditor shall be allowed to vote, subject to the vote being subsequently declared invalid if the objection to the claim is sustained.
- 61.4 **[Where decision reversed]** If, on an appeal, the convenor or chair's decision is reversed or varied, or a Creditor's vote is declared invalid, the Court may order another Decision Procedure to be convened, or make such other order as it thinks fit, provided that the Court considers the matter is such as to give rise to unfair prejudice or a material irregularity.
- 61.5 **[Costs of appeal]** The convenor or chair is not personally liable for the costs incurred by any person in respect of an appeal under this Paragraph unless the Court so orders.

## 62 Majorities required for Creditor decisions

- 62.1 **[Decisions by majority in value]** Subject as follows, a decision in a Decision Procedure is made when a majority of more than half in value of Creditors voting have voted in favour of it.
- 62.2 **[Decisions varying terms of Arrangement]** In the case of a decision varying the terms of the Arrangement, a majority of three-quarters or more in value of Creditors voting in favour of it is required.
- 62.3 **[Votes rendering decision invalid]** A decision is not made if those voting against it include more than half of the total value of Creditors who are not Connected with the Company.
- 62.4 **[Resolution for the appointment of Supervisor]** In the case of a decision for the appointment of a Supervisor:
- (a) if on any vote there are 2 nominees for appointment, the person who obtains the most support is appointed, provided that such support represents a majority in value of all those voting; and

- (b) if there are 3 or more nominees, and one of them has a clear majority over both or all of the others together, that one is appointed; and
- (c) in any other case, the convenor or chair shall continue to take votes (disregarding at each vote any nominee who has withdrawn and, if no nominee has withdrawn, the nominee who obtained the least support last time), until a clear majority is obtained for any one nominee.

62.5 **[Resolution for joint appointment]** The chair may put to a meeting a resolution for the joint appointment of any 2 or more Supervisors.

### **63 Chair of meeting as proxy-holder**

Where the chair at a meeting holds a proxy for a Creditor which requires the chair to vote for a particular resolution, and no other person proposes that resolution, the chair shall propose it

### **64 Suspension/adjournment of meetings**

64.1 **[Suspension]** The chair may, without an adjournment, declare the meeting suspended for one or more periods not exceeding one hour in total (or, in exceptional circumstances, such longer total period during the same day at the chair's discretion).

64.2 **[Adjournment]** The chair may (and must if the meeting so resolves) adjourn the meeting, provided that if the chair is the Supervisor and a resolution has been proposed for the Supervisor's removal, the chair shall not adjourn the meeting without the consent of at least one half in value of the Creditors attending and entitled to vote.

64.3 **[Period of adjournment]** An adjournment under this Paragraph shall not be for a period of more than 14 days after the date on which the meeting was originally held, or such longer period as the Court may allow.

64.4 **[Use of Claims and proxies at adjourned meeting]** Where a meeting is adjourned under this Paragraph, Claims and proxies may be used if lodged at any time up to or at the adjourned meeting.

### **65 Record of Creditor decisions**

65.1 **[Record of a decision]** The convenor, or chair in the case of a meeting, must cause a record of the Decision Procedure to be kept. In the case of a meeting, the record must be in the form of a minute of the meeting. The record must be signed by the convenor or chair and retained as part of the records of the Arrangement.

65.2 **[List of Creditors participating]** The convenor or chair shall also cause to be made and kept a list of all the Creditors who participated and the amount of their claims.

65.3 **[Record of decision made]** The record of the decision shall include a record of the decisions made and how creditors voted.

65.4 **[Record of decision to be circulated]** The record of the decision referred to in Sub-paragraph 65.3 shall be sent to the Creditors and the Company.

## Part 11: Provisions following Breach of the Arrangement

### 66 Breach by the Company of the terms of the Arrangement

The Company shall be regarded as in breach of the Arrangement if:

- 66.1 the Company fails to comply with any obligation under the Arrangement;
- 66.2 information which was false or misleading in any material particular or contains any material omissions:
  - (a) was contained in any statement of affairs or other document supplied by the Company or its Directors under Part I of the Act to any person, or
  - (b) was otherwise made available by the Company or its Directors to the Creditors or Shareholders at or in connection with any meeting of Creditors or Shareholders held, or any decision taken, in connection with the Arrangement, or
- 66.3 the Company or its Directors fail to do all such things as may for the purposes of the Arrangement have been reasonably required by the Supervisor.

### 67 Procedure following breach

- 67.1 **[Notice of Breach]** If, at any time, it appears to the Supervisor that the Company is in breach of the Arrangement, then, unless such breach is remedied forthwith or the Supervisor has already presented a petition for the Company's winding-up, the Supervisor shall as soon as practicable issue to the Company a notice ('Notice of Breach') identifying the breach and requiring the Company within one month of sending the notice:
  - (a) to remedy the breach if it is capable of being remedied, and,
  - (b) if the Supervisor thinks fit, to give a full explanation of the breach.
- 67.2 **[Remedy of breach]** If, within the one month period referred to in Sub-paragraph 67.1, or such longer period not exceeding a further one month as the Supervisor shall reasonably allow, the Company:
  - (a) remedies the breach of the Arrangement;
  - (b) if so required in the Notice of Breach, provides a full explanation of the breach, and
  - (c) pays to the Supervisor such sum (if any) as the Supervisor may reasonably require to compensate the Creditors for any reduction in Dividend caused by the Company's breach,

no further action shall be taken against the Company save that the Supervisor shall report the breach to the Creditors in the next progress and prospects report under Rule 2.40 (Supervisor's accounts and reports), or on the next convenient occasion, if earlier.
- 67.3 **[Notice of Termination/winding-up petition]** If the Company has not done those things specified in Sub-paragraph 67.2 by the time specified or allowed, the Supervisor shall as soon as practicable either
  - (a) issue a notice ('Notice of Termination') terminating the Arrangement by reason of the Company's breach and present a petition for the Company's winding-up; or



- (b) seek a decision of the Creditors to resolve whether or not to do the following things:
  - (i) issue a notice ('Notice of Termination') terminating the Arrangement by reason of the Company's breach;
  - (ii) present a petition for the Company's winding-up;
  - (iii) vary the terms of the Arrangement under Paragraph 72;
  - (iv) take no action.

67.4 **[HMRC specific]** If the Company's breach of the Arrangement is a failure to comply with paragraph 69, the Supervisor shall work with the Company to remedy this breach. If any such breach is not remedied within 30 days of its occurrence this shall constitute default of the Arrangement that cannot be remedied and the Supervisor shall petition for a winding-up order, unless HMRC agrees otherwise in writing.

67.5 **[Supervisor's duty]** If the Creditors decide to issue a Notice of Termination and/or to present a winding-up petition against the Company, the Supervisor shall do so as soon as practicable.

67.6 **[Copies of Notice of Termination]** A copy of any Notice of Termination issued by the Supervisor shall be sent to the Company and Creditors as set out in Paragraph 11

## **68 Retention of funds by Supervisor**

The Supervisor shall, at all times during the course of the Arrangement, retain sufficient of the funds coming into the Arrangement as represents the Supervisor's best estimate of the costs of petitioning for the Company's winding-up should the Creditors so decide under the previous Paragraph hereof. Such costs shall be provided for in priority to any other costs of the Arrangement.

## **Part 12: Conditions where Tax Authorities are Creditors**

### **69 Post approval statutory returns and payments**

All statutory returns and payments due to HM Revenue and Customs post approval shall be provided on or before the date they fall due.

### **70 Overdue accounts and returns**

All statutory accounts and returns overdue at the date of the approval of the Arrangement must be provided to HM Revenue and Customs within 2 months of the approval date together with any other information or explanations required.

## **Part 13: Miscellaneous Provisions**

### **71 Third Party obligations**

71.1 **[Application of Paragraph]** This Paragraph applies where the Proposal includes any obligation on the part of a person other than the Supervisor or Company to pay moneys, transfer assets or do any other thing.

71.2 **[Evidence of agreement]** The third party shall sign the Proposal or such other document evidencing the agreement to be bound by the obligation as the Supervisor shall reasonably require.

71.3 **[Enforcement of obligation]** The obligations of the third party shall be enforceable by the Supervisor, or by the Company at the direction of the Supervisor.

71.4 **[Failure a default of arrangement]** The failure by the third party to carry out the obligation when due shall constitute a breach of the Arrangement.

## 72 Variation of the Arrangement

72.1 **[Variation with Creditors' approval]** The provisions of this Arrangement may be amended by a Decision Procedure of the Creditors.

72.2 **[Consent of Company/third party to variation required]** No variation of the terms of the Arrangement shall be of any effect unless made with the consent of the Company (acting by its Directors) and any third party affected thereby.

72.3 **[Saving for certain rights]** No variation which restricts the following rights shall be of effect:

- (a) the right of any Secured Creditor to enforce Security, except with the Secured Creditor's consent;
- (b) the right of an ordinary Preferential Creditor to be paid in priority to other Creditors, except with that Creditor's consent;
- (c) the right of a Secondary Preferential Creditor to be paid in priority to other Creditors (save for Ordinary Preferential Creditors), except with that Creditor's consent;
- (d) the right of a Preferential Creditor to be paid pro rata with other Preferential Creditors in the same class, except with that Creditor's consent.

72.4 **[Unfair prejudice and material irregularity]** No variation shall be of effect if it unfairly prejudices the rights of any Creditor or if there has been any material irregularity in the operation of the provisions of this Paragraph.

72.5 **[Restriction on variation]** No variation shall be of effect if it causes the Arrangement to cease to be a voluntary arrangement within Part I of the Act.

## 73 Tax liabilities arising on realisations

Taxation liabilities of the Company arising on the sale or other realisation of any asset subject to the Arrangement shall, in so far as those proceeds are sufficient, be discharged out of the sale proceeds of the asset in question.

## 74 Invalidity and/or illegality

If any provision or part of the Arrangement is found to be contrary to the Act or Rules, illegal, invalid or contrary to public policy, that will not affect the validity of the remainder of the Arrangement and the provision or part of the Arrangement in question shall be construed accordingly.

## 75 Shareholders' decisions

75.1 **[Supervisor's power to seek a decision]** The Supervisor may seek a decision of Shareholders for any purpose connected with the Arrangement.

75.2 **[Decision Procedure]** A decision of Shareholders shall be sought as provided for in Part 5, Chapter 10 of the Rules (Company meetings).

### **R3 Disclaimer**

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