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## STATUTORY INSTRUMENTS

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# 1986 No. 1925

## The Insolvency Rules 1986

### THE SECOND GROUP OF PARTS

### PART 5

### INDIVIDUAL VOLUNTARY ARRANGEMENTS

#### *Introductory*

**5.1.**—(1) The Rules in this Part apply where a debtor, with a view to an application for an interim order under Part VIII of the Act, makes a proposal to his creditors for a voluntary arrangement, that is to say, a composition in satisfaction of his debts or a scheme of arrangement of his affairs.

(2) The Rules apply whether the debtor is an undischarged bankrupt (“Case 1”), or he is not (“Case 2”).

#### *SECTION A: THE DEBTOR'S PROPOSAL*

#### **Preparation of proposal**

**5.2.** The debtor shall prepare for the intended nominee a proposal on which (with or without amendments to be made under Rule 5.3(3) below) to make his report to the court under section 256.

#### **Contents of proposal**

**5.3.**—(1) The debtor's proposal shall provide a short explanation why, in his opinion, a voluntary arrangement under Part VIII is desirable, and give reasons why his creditors may be expected to concur with such an arrangement.

(2) The following matters shall be stated, or otherwise dealt with, in the proposal—

- (a) the following matters, so far as within the debtor's immediate knowledge—
  - (i) his assets, with an estimate of their respective values,
  - (ii) the extent (if any) to which the assets are charged in favour of creditors,
  - (iii) the extent (if any) to which particular assets are to be excluded from the voluntary arrangement;
- (b) particulars of any property, other than assets of the debtor himself, which is proposed to be included in the arrangement, the source of such property and the terms on which it is to be made available for inclusion;
- (c) the nature and amount of the debtor's liabilities (so far as within his immediate knowledge), the manner in which they are proposed to be met, modified, postponed or otherwise dealt with by means of the arrangement and (in particular)—
  - (i) how it is proposed to deal with preferential creditors (defined in section 258(7)) and creditors who are, or claim to be, secured,

- (ii) how associates of the debtor (being creditors of his) are proposed to be treated under the arrangement, and
  - (iii) (Case 2 only) whether there are, to the debtor's knowledge, any circumstances giving rise to the possibility, in the event that he should be adjudged bankrupt, of claims under—
    - section 339 (transactions at an undervalue),
    - section 340 (preferences), or
    - section 343 (extortionate credit transactions),
 and, where any such circumstances are present, whether, and if so how, it is proposed under the voluntary arrangement to make provision for wholly or partly indemnifying the insolvent estate in respect of such claims;
  - (d) whether any, and if so what, guarantees have been given of the debtor's debts by other persons, specifying which (if any) of the guarantors are associates of his;
  - (e) the proposed duration of the voluntary arrangement;
  - (f) the proposed dates of distributions to creditors, with estimates of their amounts;
  - (g) the amount proposed to be paid to the nominee (as such) by way of remuneration and expenses;
  - (h) the manner in which it is proposed that the supervisor of the arrangement should be remunerated, and his expenses defrayed;
  - (j) whether, for the purposes of the arrangement, any guarantees are to be offered by any persons other than the debtor, and whether (if so) any security is to be given or sought;
  - (k) the manner in which funds held for the purposes of the arrangement are to be banked, invested or otherwise dealt with pending distribution to creditors;
  - (l) the manner in which funds held for the purpose of payment to creditors, and not so paid on the termination of the arrangement, are to be dealt with;
  - (m) if the debtor has any business, the manner in which it is proposed to be conducted during the course of the arrangement;
  - (n) details of any further credit facilities which it is intended to arrange for the debtor, and how the debts so arising are to be paid;
  - (o) the functions which are to be undertaken by the supervisor of the arrangement;
  - (p) the name, address and qualification of the person proposed as supervisor of the voluntary arrangement, and confirmation that he is (so far as the debtor is aware) qualified to act as an insolvency practitioner in relation to him.
- (3) With the agreement in writing of the nominee, the debtor's proposal may be amended at any time up to the delivery of the former's report to the court under section 256.

#### **Notice to intended nominee**

- 5.4.—**(1) The debtor shall give to the intended nominee written notice of his proposal.
- (2) The notice, accompanied by a copy of the proposal, shall be delivered either to the nominee himself, or to a person authorised to take delivery of documents on his behalf.
- (3) If the intended nominee agrees to act, he shall cause a copy of the notice to be endorsed to the effect that it has been received by him on a specified date.
- (4) The copy of the notice so endorsed shall be returned by the nominee forthwith to the debtor at an address specified by him in the notice for that purpose.

(5) Where (in Case 1) the debtor gives notice of his proposal to the official receiver and (if any) the trustee, the notice must contain the name and address of the insolvency practitioner who has agreed to act as nominee.

### **Application for interim order**

**5.5.—**(1) An application to the court for an interim order under Part VIII of the Act shall be accompanied by an affidavit of the following matters—

- (a) the reasons for making the application;
- (b) particulars of any execution or other legal process which, to the debtor's knowledge, has been commenced against him;
- (c) that he is an undischarged bankrupt or (as the case may be) that he is able to petition for his own bankruptcy;
- (d) that no previous application for an interim order has been made by or in respect of the debtor in the period of 12 months ending with the date of the affidavit; and
- (e) that the nominee under the proposal (naming him) is a person who is qualified to act as an insolvency practitioner in relation to the debtor, and is willing to act in relation to the proposal.

(2) A copy of the notice to the intended nominee under Rule 5.4, endorsed to the effect that he agrees so to act, shall be exhibited to the affidavit.

(3) On receiving the application and affidavit, the court shall fix a venue for the hearing of the application.

(4) The applicant shall give at least 2 days' notice of the hearing—

- (a) in Case 1, to the bankrupt, the official receiver and the trustee (whichever of those three is not himself the applicant),
- (b) in Case 2, to any creditor who (to the debtor's knowledge) has presented a bankruptcy petition against him, and
- (c) in either case, to the nominee who has agreed to act in relation to the debtor's proposal.

### **Hearing of the application**

**5.6.—**(1) Any of the persons who have been given notice under Rule 5.5(4) may appear or be represented at the hearing of the application.

(2) The court, in deciding whether to make an interim order on the application, shall take into account any representations made by or on behalf of any of those persons (in particular, whether an order should be made containing such provision as is referred to in section 255(3) and (4)).

(3) If the court makes an interim order, it shall fix a venue for consideration of the nominee's report. Subject to the following paragraph, the date for that consideration shall be not later than that on which the interim order ceases to have effect under section 255(6).

(4) If under section 256(4) an extension of time is granted for filing the nominee's report, the court shall, unless there appear to be good reasons against it, correspondingly extend the period for which the interim order has effect.

### **Action to follow making of order**

**5.7.—**(1) Where an interim order is made, at least 2 sealed copies of the order shall be sent by the court forthwith to the person who applied for it; and that person shall serve one of the copies on the nominee under the debtor's proposal.

(2) The applicant shall also forthwith give notice of the making of the order to any person who was given notice of the hearing pursuant to Rule 5.5(4) and was not present or represented at it.

### **Statement of affairs**

**5.8.**—(1) In Case 1, if the debtor has already delivered a statement of affairs under section 272 (debtor's petition) or 288 (creditor's petition), he need not deliver a further statement unless so required by the nominee, with a view to supplementing or amplifying the former one.

(2) In Case 2, the debtor shall, within 7 days after his proposal is delivered to the nominee, or within such longer time as the latter may allow, deliver to the nominee a statement of his (the debtor's) affairs.

(3) The statement shall comprise the following particulars (supplementing or amplifying, so far as is necessary for clarifying the state of the debtor's affairs, those already given in his proposal)—

- (a) a list of his assets, divided into such categories as are appropriate for easy identification, with estimated values assigned to each category;
- (b) in the case of any property on which a claim against the debtor is wholly or partly secured, particulars of the claim and its amount, and of how and when the security was created;
- (c) the names and addresses of the debtor's preferential creditors (defined in section 258(7)), with the amounts of their respective claims;
- (d) the names and addresses of the debtor's unsecured creditors, with the amounts of their respective claims;
- (e) particulars of any debts owed by or to the debtor to or by persons who are associates of his;
- (f) such other particulars (if any) as the nominee may in writing require to be furnished for the purposes of making his report to the court on the debtor's proposal.

(4) The statement of affairs shall be made up to a date not earlier than 2 weeks before the date of the notice to the nominee under Rule 5.4.

However, the nominee may allow an extension of that period to the nearest practicable date (not earlier than 2 months before the date of the notice under Rule 5.4); and if he does so, he shall give his reasons in his report to the court on the debtor's proposal.

(5) The statement shall be certified by the debtor as correct, to the best of his knowledge and belief.

### **Additional disclosure for assistance of nominee**

**5.9.**—(1) If it appears to the nominee that he cannot properly prepare his report on the basis of information in the debtor's proposal and statement of affairs, he may call on the debtor to provide him with—

- (a) further and better particulars as to the circumstances in which, and the reasons why, he is insolvent or (as the case may be) threatened with insolvency;
- (b) particulars of any previous proposals which have been made by him under Part VIII of the Act;
- (c) any further information with respect to his affairs which the nominee thinks necessary for the purposes of his report.

(2) The nominee may call on the debtor to inform him whether and in what circumstances he has at any time—

- (a) been concerned in the affairs of any company (whether or not incorporated in England and Wales) which has become insolvent, or

(b) been adjudged bankrupt, or entered into an arrangement with his creditors.

(3) For the purpose of enabling the nominee to consider the debtor's proposal and prepare his report on it, the latter must give him access to his accounts and records.

### **Nominee's report on the proposal**

**5.10.**—(1) The nominee's report shall be delivered by him to the court not less than 2 days before the interim order ceases to have effect.

(2) With his report the nominee shall deliver—

(a) a copy of the debtor's proposal (with amendments, if any, authorised under Rule 5.3(3)); and

(b) a copy or summary of any statement of affairs provided by the debtor.

(3) If the nominee makes known his opinion that a meeting of the debtor's creditors should be summoned under section 257, his report shall have annexed to it his comments on the debtor's proposal.

If his opinion is otherwise, he shall give his reasons for that opinion.

(4) The court shall cause the nominee's report to be endorsed with the date on which it is filed in court. Any creditor of the debtor is entitled, at all reasonable times on any business day, to inspect the file.

(5) In Case 1, the nominee shall send to the official receiver—

(a) a copy of the debtor's proposal,

(b) a copy of his (the nominee's) report and his comments accompanying it (if any), and

(c) a copy or summary of the debtor's statement of affairs.

In Case 2, the nominee shall send a copy of each of those documents to any person who has presented a bankruptcy petition against the debtor.

### **Replacement of nominee**

**5.11.** Where the debtor intends to apply to the court under section 256(3) for the nominee to be replaced, he shall give to the nominee at least 7 days' notice of his application.

## **SECTION B: ACTION ON THE PROPOSAL; CREDITORS' MEETING**

### **Consideration of nominee's report**

**5.12.**—(1) At the hearing by the court to consider the nominee's report, any of the persons who have been given notice under Rule 5.5(4) may appear or be represented.

(2) Rule 5.7 applies to any order made by the court at the hearing.

### **Summoning of creditors' meeting**

**5.13.**—(1) If in his report the nominee states that in his opinion a meeting of creditors should be summoned to consider the debtor's proposal, the date on which the meeting is to be held shall be not less than 14, nor more than 28, days from that on which the nominee's report is filed in court under Rule 5.10.

(2) Notices calling the meeting shall be sent by the nominee, at least 14 days before the day fixed for it to be held, to all the creditors specified in the debtor's statement of affairs, and any other creditors of whom the nominee is otherwise aware.

(3) Each notice sent under this Rule shall specify the court to which the nominee's report on the debtor's proposal has been delivered and shall state the effect of Rule 5.18(1), (3) and (4) (requisite majorities); and with it there shall be sent—

- (a) a copy of the proposal,
- (b) a copy of the statement of affairs or, if the nominee thinks fit, a summary of it (the summary to include a list of the creditors and the amounts of their debts), and
- (c) the nominee's comments on the proposal.

### **Creditors' meeting, supplementary**

**5.14.**—(1) Subject as follows, in fixing the venue for the creditors' meeting, the nominee shall have regard to the convenience of creditors.

(2) The meeting shall be summoned for commencement between 10.00 and 16.00 hours on a business day.

(3) With every notice summoning the meeting there shall be sent out forms of proxy.

### **The chairman at the meeting**

**5.15.**—(1) Subject as follows, the nominee shall be chairman of the creditors' meeting.

(2) If for any reason the nominee is unable to attend, he may nominate another person to act as chairman in his place; but a person so nominated must be either—

- (a) a person qualified to act as an insolvency practitioner in relation to the debtor, or
- (b) an employee of the nominee or his firm who is experienced in insolvency matters.

### **The chairman as proxy-holder**

**5.16.** The chairman shall not by virtue of any proxy held by him vote to increase or reduce the amount of the remuneration or expenses of the nominee or the supervisor of the proposed arrangement, unless the proxy specifically directs him to vote in that way.

### **Voting rights**

**5.17.**—(1) Subject as follows, every creditor who was given notice of the creditors' meeting is entitled to vote at the meeting or any adjournment of it.

(2) In Case I, votes are calculated according to the amount of the creditor's debt as at the date of the bankruptcy order, and in Case 2 according to the amount of the debt as at the date of the meeting.

(3) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote.

(4) The chairman has power to admit or reject a creditor's claim for the purpose of his entitlement to vote, and the power is exercisable with respect to the whole or any part of the claim.

(5) The chairman's decision on entitlement to vote is subject to appeal to the court by any creditor, or by the debtor.

(6) If the chairman is in doubt whether a claim should be admitted or rejected, he shall mark it as objected to and allow the creditor to vote, subject to his vote being subsequently declared invalid if the objection to the claim is sustained.

(7) If on an appeal the chairman's decision is reversed or varied, or a creditor's vote is declared invalid, the court may order another meeting to be summoned, or make such other order as it thinks just.

The court's power to make an order under this paragraph is exercisable only if it considers that the matter is such as to give rise to unfair prejudice or a material irregularity.

(8) An application to the court by way of appeal under this Rule against the chairman's decision shall not be made after the end of the period of 28 days beginning with the day on which the chairman's report to the court is made under section 259.

(9) The chairman is not personally liable for any costs incurred by any person in respect of an appeal under this Rule.

### **Requisite majorities**

**5.18.**—(1) Subject as follows, at the creditors' meeting for any resolution to pass approving any proposal or modification there must be a majority in excess of three-quarters in value of the creditors present in person or by proxy and voting on the resolution.

(2) The same applies in respect of any other resolution proposed at the meeting, but substituting one-half for three-quarters.

(3) In the following cases there is to be left out of account a creditor's vote in respect of any claim or part of a claim—

- (a) where written notice of the claim was not given, either at the meeting or before it, to the chairman or the nominee;
- (b) where the claim or part is secured;
- (c) where the claim is in respect of a debt wholly or partly on, or secured by, a current bill of exchange or promissory note, unless the creditor is willing—
  - (i) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the debtor, and against whom a bankruptcy order has not been made (or, in the case of a company, which has not gone into liquidation), as a security in his hands, and
  - (ii) to estimate the value of the security and (for the purpose of entitlement to vote, but not of any distribution under the arrangement) to deduct it from his claim.

(4) Any resolution is invalid if those voting against it include more than half in value of the creditors, counting in these latter only those—

- (a) to whom notice of the meeting was sent;
- (b) whose votes are not to be left out of account under paragraph (3); and
- (c) who are not, to the best of the chairman's belief, associates of the debtor.

(5) It is for the chairman of the meeting to decide whether under this Rule—

- (a) a vote is to be left out of account in accordance with paragraph (3); or
- (b) a person is an associate of the debtor for the purposes of paragraph (4)(c);

and in relation to the second of these two cases the chairman is entitled to rely on the information provided by the debtor's statement of affairs or otherwise in accordance with this Part of the Rules.

(6) If the chairman uses a proxy contrary to Rule 5.16, his vote with that proxy does not count towards any majority under this Rule.

(7) Paragraphs (5) to (9) of Rule 5.17 apply as regards an appeal against the decision of the chairman under this Rule.

### **Proceedings to obtain agreement on the proposal**

**5.19.**—(1) On the day on which the creditors' meeting is held, it may from time to time be adjourned.

(2) If on that day the requisite majority for the approval of the voluntary arrangement (with or without modifications) has not been obtained, the chairman may, and shall if it is so resolved, adjourn the meeting for not more than 14 days.

(3) If there are subsequently further adjournments, the final adjournment shall not be to a day later than 14 days after that on which the meeting was originally held.

(4) If the meeting is adjourned under paragraph (2), notice of the fact shall be given by the chairman forthwith to the court.

(5) If following any final adjournment of the meeting the proposal (with or without modifications) is not agreed to, it is deemed rejected.

### *SECTION C: IMPLEMENTATION OF THE ARRANGEMENT*

#### **Resolutions to follow approval**

**5.20.**—(1) If the voluntary arrangement is approved (with or without modifications), a resolution may be taken by the creditors, where two or more insolvency practitioners are appointed to act as supervisor, on the question whether acts to be done in connection with the arrangement may be done by any one of them, or must be done by both or all.

(2) If at the creditors' meeting a resolution is moved for the appointment of some person other than the nominee to be supervisor of the arrangement, there must be produced to the chairman, at or before the meeting—

- (a) that person's written consent to act (unless he is present and then and there signifies his consent), and
- (b) his written confirmation that he is qualified to act as an insolvency practitioner in relation to the debtor.

#### **Hand-over of property, etc. to supervisor**

**5.21.**—(1) Forthwith after the approval of the voluntary arrangement, the debtor in Case 2, and the official receiver or trustee in Case 1, shall do all that is required for putting the supervisor into possession of the assets included in the arrangement.

(2) On taking possession of the assets in Case 1, the supervisor shall discharge any balance due to the official receiver and (if other) the trustee by way of remuneration or on account of—

- (a) fees, costs, charges and expenses properly incurred and payable under the Act or the Rules, and
- (b) any advances made in respect of the insolvent estate, together with interest on such advances at the rate specified in section 17 of the Judgments Act 1838 at the date of the bankruptcy order.

(3) Alternatively in Case 1, the supervisor must, before taking possession, give the official receiver or the trustee a written undertaking to discharge any such balance out of the first realisation of assets.

(4) The official receiver and (if other) the trustee has in Case 1 a charge on the assets included in the voluntary arrangement in respect of any sums due as above until they have been discharged, subject only to the deduction from realisations by the supervisor of the proper costs and expenses of realisation.

Any sums due to the official receiver take priority over those due to a trustee.



(5) The supervisor shall from time to time out of the realisation of assets discharge all guarantees properly given by the official receiver or the trustee for the benefit of the estate, and shall pay all their expenses.

### **Report of creditors' meeting**

**5.22.—**(1) A report of the creditors' meeting shall be prepared by the chairman of the meeting.

(2) The report shall—

- (a) state whether the proposal for a voluntary arrangement was approved or rejected and, if approved, with what (if any) modifications;
- (b) set out the resolutions which were taken at the meeting, and the decision on each one;
- (c) list the creditors (with their respective values) who were present or represented at the meeting, and how they voted on each resolution; and
- (d) include such further information (if any) as the chairman thinks it appropriate to make known to the court.

(3) A copy of the chairman's report shall, within 4 days of the meeting being held, be filed in court; and the court shall cause that copy to be endorsed with the date of filing.

(4) The persons to whom notice of the result is to be given, under section 259(1), are all those who were sent notice of the meeting under this Part of the Rules.

The notice shall be sent immediately after a copy of the chairman's report is filed in court under paragraph (3).

### **Register of voluntary arrangements**

**5.23.—**(1) The Secretary of State shall maintain a register of individual voluntary arrangements, and shall enter in it all such matters as are reported to him in pursuance of this Part of the Rules.

(2) The register shall be open to public inspection.

### **Reports to Secretary of State**

**5.24.—**(1) Immediately after the chairman of the creditors' meeting has filed in court a report that the meeting has approved the voluntary arrangement, he shall report to the Secretary of State the following details of the arrangement—

- (a) the name and address of the debtor;
- (b) the date on which the arrangement was approved by the creditors;
- (c) the name and address of the supervisor; and
- (d) the court in which the chairman's report has been filed.

(2) A person who is appointed to act as supervisor of an individual voluntary arrangement (whether in the first instance or by way of replacement of another person previously appointed) shall forthwith give written notice to the Secretary of State of his appointment.

If he vacates office as supervisor, he shall forthwith give written notice of that fact also to the Secretary of State.

### **Revocation or suspension of the arrangement**

**5.25.—**(1) This Rule applies where the court makes an order of revocation or suspension under section 262.

(2) The person who applied for the order shall serve sealed copies of it—

- (a) in Case 1, on the debtor, the official receiver and the trustee;
  - (b) in Case 2, on the debtor; and
  - (c) in either case on the supervisor of the voluntary arrangement.
- (3) If the order includes a direction by the court under section 262(4)(b) for any further creditors' meeting to be summoned, notice shall also be given (by the person who applied for the order) to whoever is, in accordance with the direction, required to summon the meeting.
- (4) The debtor (in Case 2) and the official receiver or the trustee (in Case 1) shall—
- (a) forthwith after receiving a copy of the court's order, give notice of it to all persons who were sent notice of the creditors' meeting which approved the voluntary arrangement or who, not having been sent that notice, appear to be affected by the order;
  - (b) within 7 days of their receiving a copy of the order (or within such longer period as the court may allow), give notice to the court whether it is intended to make a revised proposal to creditors, or to invite re-consideration of the original proposal.
- (5) The person on whose application the order of revocation or suspension was made shall, within 7 days after the making of the order, give written notice of it to the Secretary of State.

### **Supervisor's accounts and reports**

- 5.26.**—(1) Where the voluntary arrangement authorises or requires the supervisor—
- (a) to carry on the debtor's business or to trade on his behalf or in his name, or
  - (b) to realise assets of the debtor or (in Case 1) belonging to the estate, or
  - (c) otherwise to administer or dispose of any funds of the debtor or the estate,
- he shall keep accounts and records of his acts and dealings in and in connection with the arrangement, including in particular records of all receipts and payments of money.
- (2) The supervisor shall, not less often than once in every 12 months beginning with the date of his appointment, prepare an abstract of such receipts and payments, and send copies of it, accompanied by his comments on the progress and efficacy of the arrangement, to—
- (a) the court,
  - (b) the debtor, and
  - (c) all those of the debtor's creditors who are bound by the arrangement.
- If in any period of 12 months he has made no payments and had no receipts, he shall at the end of that period send a statement to that effect to all who are specified in sub-paragraphs (a) to (c) above.
- (3) An abstract provided under paragraph (2) shall relate to a period beginning with the date of the supervisor's appointment or (as the case may be) the day following the end of the last period for which an abstract was prepared under this Rule; and copies of the abstract shall be sent out, as required by paragraph (2), within the 2 months following the end of the period to which the abstract relates.
- (4) If the supervisor is not authorised as mentioned in paragraph (1), he shall, not less often than once in every 12 months beginning with the date of his appointment, send to all those specified in paragraph (2)(a) to (c) a report on the progress and efficacy of the voluntary arrangement.
- (5) The court may, on application by the supervisor, vary the dates on which the obligation to send abstracts or reports arises.

### **Production of accounts and records to Secretary of State**

- 5.27.**—(1) The Secretary of State may at any time during the course of the voluntary arrangement or after its completion require the supervisor to produce for inspection—

- (a) his records and accounts in respect of the arrangement, and
- (b) copies of abstracts and reports prepared in compliance with Rule 5.26.

(2) The Secretary of State may require production either at the premises of the supervisor or elsewhere; and it is the duty of the supervisor to comply with any requirement imposed on him under this Rule.

(3) The Secretary of State may cause any accounts and records produced to him under this Rule to be audited; and the supervisor shall give to the Secretary of State such further information and assistance as he needs for the purposes of his audit.

### **Fees, costs, charges and expenses**

**5.28.** The fees, costs, charges and expenses that may be incurred for any purposes of the voluntary arrangement are—

- (a) any disbursements made by the nominee prior to the approval of the arrangement, and any remuneration for his services as such agreed between himself and the debtor, the official receiver or the trustee;
- (b) any fees, costs, charges or expenses which—
  - (i) are sanctioned by the terms of the arrangement, or
  - (ii) would be payable, or correspond to those which would be payable, in the debtor's bankruptcy.

### **Completion of the arrangement**

**5.29.—**(1) Not more than 28 days after the final completion of the voluntary arrangement, the supervisor shall send to all creditors of the debtor who are bound by the arrangement, and to the debtor, a notice that the arrangement has been fully implemented.

(2) With the notice there shall be sent to each of those persons a copy of a report by the supervisor summarising all receipts and payments made by him in pursuance of the arrangement, and explaining any difference in the actual implementation of it as compared with the proposal as approved by the creditors' meeting.

(3) The supervisor shall, within the 28 days mentioned above, send to the Secretary of State and to the court a copy of the notice under paragraph (1), together with a copy of the report under paragraph (2).

(4) The court may, on application by the supervisor, extend the period of 28 days under paragraphs (1) and (3).

## **SECTION D: GENERAL**

### **False representations, etc**

**5.30.—**(1) The debtor commits an offence if he makes any false representation or commits any other fraud for the purpose of obtaining the approval of his creditors to a proposal for a voluntary arrangement under Part VIII of the Act.

(2) A person guilty of an offence under this Rule is liable to imprisonment or a fine, or both.