

**2002 No. 2712**

**INSOLVENCY, ENGLAND AND WALES**  
**COMPANIES**  
**INDIVIDUALS**

**The Insolvency (Amendment) (No. 2) Rules 2002**

<i>Made</i> - - - - -	<i>29th October 2002</i>
<i>Laid before Parliament</i>	<i>29th October 2002</i>
<i>Coming into force</i> - -	<i>1st January 2003</i>

The Lord Chancellor, in the exercise of the powers conferred on him by sections 411 and 412 of the Insolvency Act 1986(a), with the concurrence of the Secretary of State, and after consulting the committee existing for that purpose under section 413 of that Act, hereby makes the following Rules:—

**Citation and commencement**

1.—(1) These Rules may be cited as the Insolvency (Amendment) (No. 2) Rules 2002 and shall come into force on 1st January 2003.

(2) References in these Rules to “the commencement date” are to the date referred to in paragraph (1).

**Interpretation**

2.—(1) In these Rules references to the “principal Rules” are to the Insolvency Rules 1986(b) and a Rule referred to by number alone means the Rule so numbered in the principal Rules.

(2) These Rules shall be construed as one with the principal Rules.

**Amendments to Part 1 of the principal Rules**

3.—(1) Subject to paragraph (2), Part 1 of the principal Rules has effect subject to the amendments set out in Part 1 of the Schedule to these Rules.

(2) The amendments to Part 1 of the principal Rules set out in Part 1 of the Schedule to these Rules do not apply in relation to a voluntary arrangement under Part I of the Act where—

- (a) a proposal is made by the directors of a company and before the commencement date the intended nominee has endorsed a copy of the written notice of the proposal under Rule 1.4(3);
- (b) a proposal is made by the liquidator or the administrator (acting as the nominee) and before the commencement date the liquidator or administrator (as the case may be) has sent out a notice summoning the meetings under section 3 of the Act as required by Rule 1.11; or

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(a) 1986 c. 45. Sections 411 and 412 were amended by the Insolvency Act (Amendment) Regulations 2002 (S.I. 2002/1037).  
(b) S.I. 1986/1925: amended by S.I. 1987/1919, 1989/397, 1991/495, 1993/602, 1995/586, 1999/359, 1999/1022, 2001/763 and 2002/1307.

(c) a proposal is made by the liquidator or the administrator of a company (not acting as the nominee) and before the commencement date the intended nominee has endorsed a copy of the written notice of the proposal under Rule 1.12(2); and Part 1 of the principal Rules without the amendments made in Part 1 of the Schedule to these Rules shall continue to apply in such cases.

#### **Amendments to Part 4 of the principal Rules**

4.—(1) Subject to paragraph (2), Part 4 of the principal Rules has effect subject to the amendments set out in Part 2 of the Schedule to these Rules.

(2) The amendments to Part 4 of the principal Rules set out in Part 2 of the Schedule do not apply in relation to—

- (a) a winding up by the court where the petition on which the winding-up order was made was presented prior to the commencement date; or
- (b) a voluntary winding up where the resolution for winding up was passed prior to the commencement date;

and Part 4 of the principal Rules without the amendments made in Part 2 of the Schedule to these Rules shall continue to apply in such cases.

#### **Amendments to Part 5 of the principal Rules**

5.—(1) Subject to paragraph (2), for Part 5 of the principal Rules there are substituted the provisions set out in Part 3 of the Schedule to these Rules.

(2) The substituted Part 5 of the principal Rules set out in Part 3 of the Schedule to these Rules does not apply in relation to a voluntary arrangement under Part VIII of the Act where a proposal is made by a debtor and before the commencement date the intended nominee has endorsed a copy of the written notice of the proposal under Rule 5.4(3) and Part 5 of the principal Rules as it stood before the commencement of these Rules shall continue to apply in such a case.

#### **Amendments to Part 6 of the principal Rules**

6.—(1) Subject to paragraph (2), Part 6 of the principal Rules has effect subject to the amendments set out in Part 4 of the Schedule to these Rules.

(2) The amendments to Part 6 of the principal Rules do not apply in relation to a bankruptcy where the petition was presented prior to the commencement date and Part 6 of the principal Rules without the amendments made in Part 4 of the Schedule to these Rules shall continue to apply in such a case.

#### **Amendment to Rule 13.9**

7. After paragraph (2) of Rule 13.9 there is inserted—

“(3) A reference to an “authorised person” is a reference to a person who is authorised pursuant to section 389A(a) of the Act to act as nominee or supervisor of a voluntary arrangement proposed or approved under Part I or Part VIII of the Act.”.

#### **Amendments to Schedule 4 to the principal Rules**

8.—(1) In the index to forms in Schedule 4 to the principal Rules—

- (a) for the entries relating to Forms 1.1 to 1.4 there are substituted the entries set out in Part 5 of the Schedule to these Rules; and
- (b) after the entry for Form 5.4 there is inserted on a new line “5.5 Documents to be submitted to court under Rule 5.14”.

(2) Subject to paragraphs (3) and (4), in Schedule 4 to the principal Rules—

- (a) for Forms 1.1 to 1.4 there are substituted Forms 1.1 to 1.19 as set out in Part 6 of the Schedule to these Rules;
- (b) for Forms 5.2 and 5.3 there are substituted Forms 5.2 and 5.3 as set out in Part 6 of the Schedule to these Rules; and

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(a) Section 389A was inserted into the Insolvency Act 1986 (c. 45) by section 4(4) of the Insolvency Act 2000 (c. 39).

(c) after Form 5.4 there is inserted Form 5.5 as set out in Part 6 of the Schedule to these Rules.

(3) In any case to which paragraph (2) of Rule 3 of these Rules applies, sub-paragraph (a) of paragraph (2) of this Rule shall not apply and the forms prescribed for use in relation to voluntary arrangements under Part I of the Act as they stood before the coming into force of these Rules shall continue to be used.

(4) In any case to which paragraph (2) of Rule 5 of these Rules applies, sub-paragraph (b) of paragraph (2) of this Rule shall not apply and the forms prescribed for use in relation to voluntary arrangements under Part VIII of the Act as they stood before the coming into force of these Rules shall continue to be used.

**Amendments to Schedule 5 to the principal Rules**

9. In Schedule 5 to the principal Rules the entries relating to Rule 1.30 and Rule 5.30 are deleted.

22nd October 2002,

Irvine of Lairg C

I concur, on behalf of the Secretary of State,

29th October 2002,

*Melanie Johnson,*  
Parliamentary Under-Secretary of State  
for Competition, Consumers and Markets,  
Department of Trade and Industry

PART 1

AMENDMENTS TO PART 1 OF THE PRINCIPAL RULES

**Amendments to Rule 1.1**

1. In Rule 1.1—
  - (a) in paragraph (2) for sub-paragraph (a) there is substituted—

“(a) Chapter 2 applies where the proposal for the voluntary arrangement is made by the directors of the company and

    - (i) the company is neither in liquidation nor is an administration order (under Part II of the Act) in force in relation to it; and
    - (ii) no steps have been taken to obtain a moratorium under Schedule A1 to the Act in connection with the proposal.”;
  - (b) in paragraph (2) for sub-paragraphs (c) and (d) there is substituted—

“(c) Chapter 4 applies in the same case as Chapter 3, but where the nominee is not the liquidator or administrator;

(d) Chapter 5 applies in all the three cases mentioned in sub-paragraphs (a) to (c) above;

(e) Chapters 7 and 8 apply to all voluntary arrangements with or without a moratorium; and

(f) Chapter 9 applies where the proposal is made by the directors of an eligible company with a view to obtaining a moratorium.”; and
  - (c) after paragraph (3) there is inserted—

“(4) In this Part, a reference to an “eligible company” is to a company that is eligible for a moratorium in accordance with paragraph 2 of Schedule A1 to the Act(a).”.

**Amendments to Rule 1.3**

2. In Rule 1.3—
  - (a) after sub-paragraph (f) of paragraph (2) there is inserted—

“(fa) How it is proposed to deal with the claim of any person who is bound by the arrangement by virtue of section 5(2)(b)(ii)(b);”;
  - (b) for sub-paragraph (p) of paragraph (2) there is substituted—

“(p) the name, address and qualification of the person proposed as supervisor of the voluntary arrangement, and confirmation that he is either qualified to act as an insolvency practitioner in relation to the company or is an authorised person in relation to the company; and”.

**Amendment to Rule 1.7**

3. In paragraph (2) of Rule 1.7 after the words “his opinion” where they first appear there is inserted “that the directors’ proposal has a reasonable prospect of being approved and implemented and”.

**Substitution of Rule 1.8**

4. For Rule 1.8 there is substituted—

**“Replacement of nominee**

**1.8.—**(1) Where a person other than the nominee intends to apply to the court under section 2(4)(c) for the nominee to be replaced, (except in any case where the nominee has died) he shall give to the nominee at least 7 days’ notice of his application.

(2) Where the nominee intends to apply to the court under section 2(4) of the Act to be replaced, he shall give at least 7 days’ notice of his application to the person intending to make the proposal.

(3) No appointment of a replacement nominee shall be made by the court unless there is filed in court a statement by the replacement nominee—

  - (a) indicating his consent to act, and
  - (b) that he is qualified to act as an insolvency practitioner in relation to the company or is an authorised person in relation to the company.”.

[FORM 1.8]

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(a) Schedule A1 is inserted into the Insolvency Act 1986 (c. 45) by section 1 of, and Schedule 1 to, the Insolvency Act 2000 (c. 39) and is amended by S.I. 2002/1990.

(b) Section 5(2)(b) of the Act was amended by section 2 of, and paragraph 6(c) of Schedule 2 to, the Insolvency Act 2000.

(c) Section 2(4) was amended by section 2 of, and paragraph 3(b) of Schedule 2 to, the Insolvency Act 2000.

### **Amendment to Rule 1.12**

5. In paragraph (6) of Rule 1.12 after the words “insolvency practitioner” where they appear for the second time there is inserted “or authorised person”.

### **Amendment to Rule 1.13**

6. For paragraph (3) of Rule 1.13 there is substituted—

“(3) The meetings may be held on the same day or on different days. If held on the same day, the meetings shall be held in the same place, but in either case the creditors’ meeting shall be fixed for a time in advance of the company meeting.

(4) Where the meetings are not held on the same day, they shall be held within 7 days of each other.”.

### **Amendments to Rule 1.14**

7. In paragraph (2) of Rule 1.14—

(a) the word “either” is omitted; and

(b) for sub-paragraphs (a) and (b) there is substituted:

“(a) a person qualified to act as an insolvency practitioner in relation to the company;

(b) an authorised person in relation to the company; or

(c) an employee of the convenor or his firm who is experienced in insolvency matters.”.

### **Substitution of Rule 1.17**

8. For Rule 1.17 there is substituted—

#### **“Entitlement to vote (creditors)**

**1.17.**—(1) Subject as follows, every creditor who has notice of the creditors’ meeting is entitled to vote at the meeting or any adjournment of it.

(2) Votes are calculated according to the amount of the creditor’s debt as at the date of the meeting or, where the company is being wound up or is subject to an administration order, the date of its going into liquidation or (as the case may be) of the administration order.

(3) A creditor may vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained and for the purposes of voting (but not otherwise) his debt shall be valued at £1 unless the chairman agrees to put a higher value on it.

#### **Procedure for admission of creditors’ claims for voting purposes**

**1.17A.**—(1) Subject as follows, at any creditors’ meeting the chairman shall ascertain the entitlement of persons wishing to vote and shall admit or reject their claims accordingly.

(2) The chairman may admit or reject a claim in whole or in part.

(3) The chairman’s decision on any matter under this Rule or under paragraph (3) of Rule 1.17 is subject to appeal to the court by any creditor or member of the company.

(4) If the chairman is in doubt whether a claim should be admitted or rejected, he shall mark it as objected to and allow votes to be cast in respect of it, subject to such votes being subsequently declared invalid if the objection to the claim is sustained.

(5) If on an appeal the chairman’s decision is reversed or varied, or votes are declared invalid, the court may order another meeting to be summoned, or make such order as it thinks just.

The court’s power to make an order under this paragraph is exercisable only if it considers that the circumstances giving rise to the appeal give rise to unfair prejudice or material irregularity.

(6) An application to the court by way of appeal against the chairman’s decision shall not be made after the end of the period of 28 days beginning with the first day on which the report required by section 4(6) has been made to the court.

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

### **Amendment to Rule 1.18**

9. Paragraph (2) of Rule 1.18 is omitted.

### **Amendment to Rule 1.19**

10. For paragraph (7) of Rule 1.19 there is substituted—

“(7) The chairman’s decision on any matter under this Rule is subject to appeal to the court by any creditor or member and paragraphs (5) to (7) of Rule 1.17A apply as regards such an appeal.”.

### **Amendment to Rule 1.20**

11. Paragraph (2) of Rule 1.20 is omitted.

### **Substitution of Rule 1.21**

12. For Rule 1.21 there is substituted—

**1.21.**—(1) If the chairman thinks fit, the creditors’ meeting and the company meeting may be held together.

(2) The chairman may, and shall if it is so resolved at the meeting in question, adjourn that 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 the date on which the meeting in question was originally held.

(4) In the case of a proposal by the directors, if the meetings are adjourned under paragraph (2), notice of the fact shall be given by the nominee forthwith to the court.

(5) If following the final adjournment of the creditors’ meeting the proposal (with or without modifications) has not been approved by the creditors, it is deemed rejected.”.

### **Amendments to Rule 1.22**

13. In Rule 1.22—

(a) for paragraph (1) there is substituted—

“(1) If the voluntary arrangement is approved (with or without modifications) by the creditors’ meeting, a resolution may be taken by the creditors, where two or more supervisors are appointed, on the question whether acts to be done in connection with the arrangement may be done by any one or more of them, or must be done by all of them.”;

(b) paragraph (2) is omitted; and

(c) after the word “company” in sub-paragraph (b) of paragraph (3) there is inserted—  
“or is an authorised person in relation to the company”.

### **New Rule 1.22A**

14. After Rule 1.22 there is inserted—

#### **“Notice of order made under section 4A(6)**

**1.22A.**—(1) This Rule applies where the court makes an order under section 4A(6)(a).

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

(a) the supervisor of the voluntary arrangement; and

(b) the directors of the company.

(3) Service on the directors may be effected by service of a single copy on the company at its registered office.

(4) The directors or (as the case may be) the supervisor shall forthwith after receiving a copy of the court’s order, give notice of it to all persons who were sent notice of the creditors’ or company meetings or who, not having been sent such notice, are affected by the order.

(5) The person on whose application the order of the court was made shall, within 7 days of the order, deliver an office copy to the registrar of companies.”.

### **Amendment to Rule 1.23**

15. In paragraph (1) of Rule 1.23 for the words “After the approval of the voluntary arrangement—” there is substituted “Where the decision approving the voluntary arrangement has effect under section 4A—”.

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(a) Section 4A was inserted into the Insolvency Act 1986 by section 2 of, and paragraph 5 of Schedule 2 to, the Insolvency Act 2000.

**Amendment to Rule 1.24**

16. In Rule 1.24—
- (a) for sub-paragraph (a) of paragraph (2) there is substituted—  
“(a) state whether the proposal for a voluntary arrangement was approved by the creditors of the company alone or by both the creditors and members of the company and in either case whether such approval was with any modifications;” and
  - (b) in paragraph (5) for the words “If the voluntary arrangement has been approved by the meetings” there is substituted “If the decision approving the voluntary arrangement has effect under section 4A”.

**Amendment to Rule 1.27**

17. In paragraph (1) of Rule 1.27 after the word “completion” there is inserted “or termination”.

**Amendment to Rule 1.28**

18. In sub-paragraph (a) of paragraph (1) of Rule 1.28 for the words “approval of the arrangement” there is substituted “decision approving the arrangement taking effect under section 4A”.

**Substitution of Rule 1.29**

19. For Rule 1.29 there is substituted—

**“Completion or termination of the arrangement**

**1.29.—**(1) Not more than 28 days after the final completion or termination of the voluntary arrangement, the supervisor shall send to creditors and members of the company who are bound by it a notice that the voluntary arrangement has been fully implemented or (as the case may be) has terminated.

(2) With the notice there shall be sent to each creditor and member a copy of a report by the supervisor summarising all receipts and payments made by him in pursuance of the arrangement, and explaining in relation to implementation of the arrangement any departure from the proposals as they originally took effect, or (in the case of termination of the arrangement) explaining the reasons why the arrangement has terminated.

(3) The supervisor shall, within the 28 days mentioned above, send to the registrar of companies and to the court a copy of the notice to creditors and members under paragraph (1), together with a copy of the report under paragraph (2), and the supervisor shall not vacate office until after such copies have been sent.”.

[FORM 1.4]

**Revocation of Chapter 6 of Part 1**

20. Chapter 6 of Part 1 of the Rules is revoked.

**Insertion of Chapter 9**

21. After Rule 1.34 the following provisions(a) are inserted—

**“CHAPTER 9  
OBTAINING A MORATORIUM  
PROCEEDINGS DURING A MORATORIUM  
NOMINEES  
CONSIDERATION OF PROPOSALS WHERE MORATORIUM OBTAINED  
SECTION A: OBTAINING A MORATORIUM**

**Preparation of proposal by directors and submission to nominee**

**1.35.—**(1) The document containing the proposal referred to in paragraph 6(1)(a) of Schedule A1 to the Act shall—

- (a) be prepared by the directors;

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(a) The provisions inserted into the Rules by paragraph 21 are to give effect to the provisions of Schedule A1 to the Insolvency Act 1986 which was inserted into the Insolvency Act 1986 by section 1 of, and paragraph 4 of Schedule 1 to, the Insolvency Act 2000. Schedule A1 is amended by S.I. 2002/1990.

- (b) comply with the requirements of paragraphs (1) and (2) of Rule 1.3 (save that the reference to preferential creditors shall be to preferential creditors within the meaning of paragraph 31(8) of Schedule A1 to the Act); and
- (c) state the address to which notice of the consent of the nominee to act and the documents referred to in Rule 1.38 shall be sent.

(2) With the agreement in writing of the nominee, the directors may amend the proposal at any time before submission to them by the nominee of the statement required by paragraph 6(2) of Schedule A1 to the Act.

#### **Delivery of documents to the intended nominee etc.**

**1.36.**—(1) The documents required to be delivered to the nominee pursuant to paragraph 6(1) of Schedule A1 to the Act shall be delivered to the nominee himself or to a person authorised to take delivery of documents on his behalf.

(2) On receipt of the documents, the nominee shall forthwith issue an acknowledgement of receipt of the documents to the directors which shall indicate the date on which the documents were received.

#### **Statement of affairs**

[FORM 1.6]

**1.37.**—(1) The statement of the company's affairs required to be delivered to the nominee pursuant to paragraph 6(1)(b) of Schedule A1 to the Act shall be delivered to the nominee no later than 7 days after the delivery to him of the document setting out the terms of the proposed voluntary arrangement or such longer time as he may allow.

(2) The statement of affairs shall comprise the same particulars as required by Rule 1.5(2) (supplementing or amplifying, so far as is necessary for clarifying the state of the company's affairs, those already given in the directors' proposal).

(3) The statement of affairs shall be made up to a date not earlier than 2 weeks before the date of the delivery of the document containing the proposal for the voluntary arrangement to the nominee under Rule 1.36(1).

However, the nominee may allow an extension of that period to the nearest practicable date (not earlier than 2 months before the date of delivery of the documents referred to in Rule 1.36(1)) and if he does so, he shall give a statement of his reasons in writing to the directors.

(4) The statement of affairs shall be certified as correct, to the best of their knowledge and belief, by two or more directors of the company, or by the company secretary and at least one director (other than the secretary himself).

#### **The nominee's statement**

[FORM 1.5]

**1.38.**—(1) The nominee shall submit to the directors the statement required by paragraph 6(2) of Schedule A1 to the Act within 28 days of the submission to him of the document setting out the terms of the proposed voluntary arrangement.

[FORM 1.8]

(2) The statement shall have annexed to it—

- (a) the nominee's comments on the proposal, unless the statement contains an opinion in the negative on any of the matters referred to in paragraph 6(2)(a) and (b) of Schedule A1 to the Act, in which case he shall instead give his reasons for that opinion, and
- (b) where he is willing to act in relation to the proposed arrangement, a statement of his consent to act.

#### **Documents submitted to the court to obtain moratorium**

[FORMS 1.5,  
1.7, 1.8 AND  
1.9]

**1.39.**—(1) Where pursuant to paragraph 7 of Schedule A1 to the Act the directors file the document and statements referred to in that paragraph in court, those documents shall be delivered together with 4 copies of a schedule listing them within 3 working days of the date of the submission to them of the nominee's statement under paragraph 6(2) of Schedule A1 to the Act.

(2) When the directors file the document and statements referred to in paragraph (1), they shall also file—

- (a) a copy of any statement of reasons made by the nominee pursuant to Rule 1.37(3); and
- (b) a copy of the nominee's comments on the proposal submitted to them pursuant to Rule 1.38(2).

(3) The copies of the schedule shall be endorsed by the court with the date on which the documents were filed in court and 3 copies of the schedule sealed by the court shall be returned by the court to the person who filed the documents in court.

[FORM 1.6]

(4) The statement of affairs required to be filed under paragraph 7(1)(b) of Schedule A1 to the Act shall comprise the same particulars as required by Rule 1.5(2).

### **Notice and advertisement of beginning of a moratorium**

**1.40.**—(1) After receiving the copies of the schedule endorsed by the court under Rule 1.39(3), the directors shall forthwith serve 2 of them on the nominee and one on the company.

[FORM 1.10]

(2) Forthwith after receiving the copies of the schedule pursuant to paragraph (1) the nominee shall advertise the coming into force of the moratorium once in the Gazette, and once in such newspaper as he thinks most appropriate for ensuring that its coming into force comes to the notice of the company's creditors.

[FORM 1.11]

(3) The nominee shall forthwith notify the registrar of companies, the company and any petitioning creditor of the company of whose claim he is aware of the coming into force of the moratorium and such notification shall specify the date on which the moratorium came into force.

(4) The nominee shall give notice of the coming into force of the moratorium specifying the date on which it came into force to—

- (a) any sheriff or other officer who, to his knowledge, is charged with an execution or other legal process against the company or its property; and
- (b) any person who, to his knowledge, has distrained against the company or its property.

### **Notice of extension of moratorium**

[FORM 1.12]

**1.41.**—(1) The nominee shall forthwith notify the registrar of companies and the court of a decision taking effect pursuant to paragraph 36 of Schedule A1 to the Act to extend or further extend the moratorium and such notice shall specify the new expiry date of the moratorium.

[FORM 1.13]

[FORM 1.12]

(2) Where an order is made by the court extending or further extending or renewing or continuing a moratorium, the nominee shall forthwith after receiving a copy of the same give notice to the registrar of companies and with the notice shall send an office copy of the order.

### **Notice and advertisement of end of moratorium**

[FORM 1.10]

**1.42.**—(1) After the moratorium comes to an end, the nominee shall forthwith advertise its coming to an end once in the Gazette, and once in such newspaper as he thinks most appropriate for ensuring that its coming to an end comes to the notice of the company's creditors, and such notice shall specify the date on which the moratorium came to an end.

[FORM 1.14]

(2) The nominee shall forthwith give notice of the ending of the moratorium to the registrar of companies, the court, the company and any creditor of the company of whose claim he is aware and such notice shall specify the date on which the moratorium came to an end.

[FORM 1.15]

## **SECTION B: PROCEEDINGS DURING A MORATORIUM**

### **Disposal of charged property etc. during a moratorium**

**1.43.**—(1) This Rule applies in any case where the company makes an application to the court under paragraph 20 of Schedule A1 to the Act for leave to dispose of property of the company which is subject to a security, or goods in possession of the company under an agreement to which that paragraph relates.

(2) The court shall fix a venue for the hearing of the application and the company shall forthwith give notice of the venue to the person who is the holder of the security or, as the case may be, the owner under the agreement.

(3) If an order is made, the company shall forthwith give notice of it to that person or owner.

(4) The court shall send 2 sealed copies of the order to the company, who shall send one of them to that person or owner.

## **SECTION C: NOMINEES**

### **Withdrawal of nominee's consent to act**

**1.44.** Where the nominee withdraws his consent to act he shall, pursuant to paragraph 25(5) of Schedule A1 to the Act, forthwith give notice of his withdrawal and the reason for withdrawing his consent to act to—

[FORM 1.16]

(a) the registrar of companies;

[FORM 1.17]

(b) the court;

(c) the company; and

(d) any creditor of the company of whose claim he is aware.

### **Replacement of nominee by the court**

**1.45.**—(1) Where the directors intend to make an application to the court under paragraph 28 of Schedule A1 to the Act for the nominee to be replaced, they shall give to the nominee at least 7 days' notice of their application.

(2) Where the nominee intends to make an application to the court under that paragraph to be replaced, he shall give to the directors at least 7 days' notice of his application.

[FORM 1.8]

(3) No appointment of a replacement nominee shall be made by the court unless there is filed in court a statement by the replacement nominee indicating his consent to act.

### **Notification of appointment of a replacement nominee**

**1.46.** Where a person is appointed as a replacement nominee, he shall forthwith give notice of his appointment to—

[FORM 1.18]

(a) the registrar of companies;

[FORM 1.19]

(b) the court (in any case where he was not appointed by the court); and

(c) the person whom he has replaced as nominee.

### **Applications to court under paragraphs 26 or 27 of Schedule A1 to the Act**

**1.47.** Where any person intends to make an application to the court pursuant to paragraph 26 or 27 of Schedule A1 to the Act, he shall give to the nominee at least 7 days' notice of his application.

## **SECTION D: CONSIDERATION OF PROPOSALS WHERE MORATORIUM OBTAINED**

### **Summoning of meetings; procedure at meetings etc.**

**1.48.**—(1) Where the nominee summons meetings of creditors and the company pursuant to paragraph 29(1) of Schedule A1 to the Act, each of those meetings shall be summoned for a date that is not more than 28 days from the date on which the moratorium came into force.

(2) Notices calling the creditors' meetings shall be sent by the nominee to all creditors specified in the statement of affairs and any other creditors of the company of whose address he is aware at least 14 days before the day fixed for the meeting.

(3) Notices calling the company meeting shall be sent by the nominee to all persons who are, to the best of the nominee's belief, members of the company at least 14 days before the day fixed for the meeting.

(4) Each notice sent under this Rule shall specify the court in which the documents relating to the obtaining of the moratorium were filed and state the effect of paragraphs (1), (3) and (4) of Rule 1.52 (requisite majorities (creditors)) and with each notice there shall be sent—

(a) a copy of the directors' proposal;

(b) a copy of the statement of the company's affairs or, if the nominee thinks fit, a summary of it (the summary to include a list of creditors and the amount of their debts); and

(c) the nominee's comments on the proposal.

(5) The provisions of Rules 1.13 to 1.16 shall apply.

### **Entitlement to vote (creditors)**

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

(2) Votes are calculated according to the amount of the creditor's debt as at the beginning of the moratorium, after deducting any amounts paid in respect of that debt after that date.

(3) A creditor may vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained and for the purposes of voting (but not otherwise) his debt shall be valued at £1 unless the chairman agrees to put a higher value on it.

### **Procedure for admission of creditors' claims for voting purposes**

**1.50.**—(1) Subject as follows, at any creditors' meeting the chairman shall ascertain the entitlement of persons wishing to vote and shall admit or reject their claims accordingly.

(2) The chairman may admit or reject a claim in whole or in part.

(3) The chairman's decision on any matter under this Rule or under paragraph (3) of Rule 1.49 is subject to appeal to the court by any creditor or member of the company.

(4) If the chairman is in doubt whether a claim should be admitted or rejected, he shall mark it as objected to and allow votes to be cast in respect of it, subject to such votes being subsequently declared invalid if the objection to the claim is sustained.

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

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

(6) An application to the court by way of appeal against the chairman's decision shall not be made after the end of the period of 28 days beginning with the first day on which the report required by paragraph 30(3) of Schedule A1 to the Act has been made to the court.

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

#### **Voting rights (members)**

**1.51.** Rule 1.18 shall apply.

#### **Requisite majorities (creditors)**

**1.52.**—(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) At a meeting of the creditors for any resolution to pass extending (or further extending) a moratorium, or to bring a moratorium to an end before the end of the period of any extension, 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. For this purpose paragraph (4)(b) below shall not apply and a secured creditor is entitled to vote in respect of the amount of his claim without deducting the value of his security.

(4) 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 convenor of the meeting;
- (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 company, 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.

(5) 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) who have notice of the meeting;
- (b) whose votes are not to be left out of account under paragraph (4); and
- (c) who are not, to the best of the chairman's belief, persons connected with the company.

(6) 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 (5), or
- (b) a person is a connected person for the purposes of paragraph (5)(c);

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

(7) If the chairman uses a proxy contrary to Rule 1.15 as it applies by virtue of Rule 1.48(4), his vote with that proxy does not count towards any majority under this Rule.

(8) The chairman's decision on any matter under this Rule is subject to appeal to the court by any creditor or member and paragraphs (5) to (7) of Rule 1.50 apply as regards such an appeal.

#### **Requisite majorities (members) and proceedings to obtain agreement on the proposal**

**1.53.**—(1) Rule 1.20 shall apply.

(2) If the chairman thinks fit, the creditors' meeting and the company meeting may be held together.

(3) The chairman may, and shall if it is so resolved at the meeting in question, adjourn that meeting, but any adjournment shall not be to a day which is more than 14 days after the date on which the moratorium (including any extension) ends.

(4) If the meetings are adjourned under paragraph (3), notice of the fact shall be given by the nominee forthwith to the court.

(5) If following the final adjournment of the creditors' meeting the proposal (with or without modifications) has not been approved by the creditors, it is deemed rejected.

#### **Implementation of the arrangement**

**1.54.**—(1) Where a decision approving the arrangement has effect under paragraph 36 of Schedule A1 to the Act, the directors shall forthwith do all that is required for putting the supervisor into possession of the assets included in the arrangement.

[FORM 1.1]

(2) Subject to paragraph (3), Rules 1.22, 1.22A and 1.24 to 1.29 apply.

[FORM 1.2]

(3) The provisions referred to in paragraph (2) are modified as follows—

[FORM 1.3]

(a) in paragraph (1) of Rule 1.22A the reference to section 4A(6) is to be read as a reference to paragraph 36(5) of Schedule A1 to the Act;

[FORM 1.4]

(b) in paragraph (4) of Rule 1.24 the reference to section 4(6) is to be read as a reference to paragraph 30(3) of Schedule A1 to the Act;

(c) in paragraph (5) of Rule 1.24 the reference to section 4A is to be read as a reference to paragraph 36 of Schedule A1 to the Act;

(d) in paragraph (1) of Rule 1.25 the reference to section 6 is to be read as a reference to paragraph 38 of Schedule A1 to the Act and the references in paragraphs (2) and (4) to the administrator or liquidator shall be ignored;

(e) in paragraph (3) of Rule 1.25 the reference to section 6(4)(b) is to be read as a reference to paragraph 38 (4)(b) of Schedule A1 to the Act; and

(f) in sub-paragraph (a) of paragraph (1) of Rule 1.28 the reference to section 4A is to be read as a reference to paragraph 36 of Schedule A1 to the Act.

## **PART 2**

### **AMENDMENTS TO PART 4 OF THE PRINCIPAL RULES**

#### **Amendment to Rule 4.2**

**22.** In paragraph (1) of Rule 4.2 after the words “paragraph (f)—company unable to pay its debts—” there is inserted, starting on a new line, “paragraph (fa)—end of moratorium without approval of voluntary arrangement;”.

#### **Amendments to Rule 4.218**

**23.** In Rule 4.218—

(a) for sub-paragraph (a) of paragraph (1) there is substituted—

“(a) expenses or costs which—

(i) are properly chargeable or incurred by the official receiver or the liquidator in preserving, realising or getting in any of the assets of the company or otherwise relating to the conduct of any legal proceedings which he has power to bring or defend whether in his own name or the name of the company;

(ii) relate to the employment of a shorthand writer, if appointed by an order of the court made at the instance of the official receiver in connection with an examination; or

(iii) are incurred in holding an examination under Rule 4.214 (examinee unfit) where the application for it was made by the official receiver;”;

(b) after sub-paragraph (l) of paragraph (1) there is inserted—

“(la) the costs of employing a shorthand writer in any case other than one appointed by an order of the court at the instance of the official receiver in connection with an examination;”;

(c) after the word “liquidator” in sub-paragraph (q) of paragraph (1) there is inserted—

“;

(r) any other expenses properly chargeable by the liquidator in carrying out his functions in the liquidation;” and

(d) paragraphs (2) and (3) are omitted.

PART 3  
SUBSTITUTION OF PART 5 OF THE PRINCIPAL RULES

**Substitution of Part 5 of the Rules**

24. For Part 5 of the Rules there is substituted—

“PART 5  
INDIVIDUAL VOLUNTARY ARRANGEMENTS  
CHAPTER 1  
PRELIMINARY

**Introductory**

**5.1.**—(1) The Rules in this Part apply in relation to a voluntary arrangement under Part VIII of the Act.

(2) In this Part—

- (a) Chapter 2 applies in all cases;
- (b) Chapter 3 applies in cases where an application for an interim order is made;
- (c) Chapter 4 applies in cases where no application for an interim order is or is to be made; and
- (d) except where otherwise stated, Chapters 5, 6 and 7 apply in all cases.

CHAPTER 2  
PREPARATION OF 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 or section 256A.

**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) in any case where the debtor is an undischarged bankrupt, whether, to the debtor’s knowledge, claims have been made under section 339 (transactions at an undervalue), section 340 (preferences) or section 343 (extortionate credit transactions), or where the debtor is not an undischarged bankrupt, whether there are circumstances which would give rise to the possibility of such claims in the event that he should be adjudged bankrupt,

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) how it is proposed to deal with the claims of any person who is bound by the arrangement by virtue of section 260(2)(b)(ii);
- (h) the amount proposed to be paid to the nominee (as such) by way of remuneration and expenses;
- (j) the manner in which it is proposed that the supervisor of the arrangement should be remunerated, and his expenses defrayed;
- (k) 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;
- (l) 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;
- (m) 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;
- (n) if the debtor has any business, the manner in which it is proposed to be conducted during the course of the arrangement;
- (o) 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;
- (p) the functions which are to be undertaken by the supervisor of the arrangement;
- (q) 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 or is an authorised person in relation to him; and
- (r) whether the EC Regulation will apply and, if so, whether the proceedings will be main proceedings or territorial proceedings.

(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 or section 256A.

#### **Notice to the 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 the debtor is an undischarged bankrupt and he 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 or (as the case may be) authorised person who has agreed to act as nominee.

#### **Statement of Affairs**

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

(2) Paragraph (1) shall not apply where the debtor is an undischarged bankrupt and he has already delivered a statement of affairs under section 272 (debtor's petition) or 288 (creditor's petition) but the nominee may require the debtor to submit a further statement supplementing or amplifying the statement of affairs already submitted.

(3) The statement of affairs 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**

**5.6—**(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.

## **CHAPTER 3**

### **CASES IN WHICH AN APPLICATION FOR AN INTERIM ORDER IS MADE**

#### **Application for interim order**

**5.7—**(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 or levying of any distress 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 willing to act in relation to the proposal and is a person who is either qualified to act as an insolvency practitioner in relation to the debtor or is authorised to act as nominee in relation to him.

(2) A copy of the notice to the intended nominee under Rule 5.4, endorsed to the effect that he agrees so to act, and a copy of the debtor's proposal given to the nominee under that Rule, 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) where the debtor is an undischarged bankrupt, to the bankrupt, the official receiver and the trustee (whichever of those three is not himself the applicant),
- (b) where the debtor is not an undischarged bankrupt, 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.

### **Court in which application to be made**

**5.8.**—(1) Except in the case of an undischarged bankrupt, an application to the court under Part VIII of the Act shall be made to a court in which the debtor would be entitled to present his own petition in bankruptcy under Rule 6.40.

(2) The application shall contain sufficient information to establish that it is brought in the appropriate court.

(3) In the case of an undischarged bankrupt, such an application shall be made to the court having the conduct of his bankruptcy and shall be filed with the bankruptcy proceedings.

### **Hearing of the application**

**5.9.**—(1) Any of the persons who have been given notice under Rule 5.7(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**

[FORM 5.2]

**5.10.**—(1) Where an interim order is made, at least 2 sealed copies of the order shall be sent by the court 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 5.7(4) and was not present or represented at it.

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

**5.11.**—(1) Where the nominee makes his report to the court under section 256, he shall deliver 2 copies of it 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 the debtor's proposal has a reasonable prospect of being approved and implemented, and 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 upon receipt of the report cause one copy of the report to be endorsed with the date of its filing in court and returned to the nominee.

(5) Any creditor of the debtor is entitled, at all reasonable times on any business day, to inspect the file.

(6) Where the debtor is an undischarged bankrupt, the nominee shall send to the official receiver and (if any) the trustee—

(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.

(7) Where the debtor is not an undischarged bankrupt, the nominee shall send a copy of each of the documents referred to in paragraph (6) to any person who has presented a bankruptcy petition against the debtor.

### **Replacement of nominee**

**5.12.—**(1) 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.

(2) No appointment of a replacement nominee shall be made by the court unless there is filed in court a statement by the replacement nominee indicating his consent to act.

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

**5.13.—**(1) At the hearing by the court to consider the nominee's report, any of the persons who have been given notice under Rule 5.7(4) may appear or be represented.

(2) Rule 5.10 applies to any order made by the court at the hearing.

## **CHAPTER 4**

### **CASES WHERE NO INTERIM ORDER IS TO BE OBTAINED**

#### **Nominee's report to the court**

**5.14.—**(1) The nominee shall deliver 2 copies of his report to the court (as defined in Rule 5.15) under section 256A within 14 days (or such longer period as the court may allow) after receiving from the debtor the document and statement mentioned in section 256A(2) but the court shall not consider the report unless an application is made under the Act or these Rules in relation to the debtor's proposal.

(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));
- (b) a copy or summary of any statement of affairs provided by the debtor; and
- (c) a copy of the notice referred to in Rule 5.4(3),

together with 2 copies of Form 5.5 listing the documents referred to in (a) to (c) above and containing a statement that no application for an interim order under section 252 is to be made.

(3) If the nominee makes known his opinion that the debtor's proposal has a reasonable prospect of being approved and implemented, and 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 upon receipt of the report and Form 5.5 cause one copy of the form to be endorsed with the date of its filing in court and returned to the nominee.

(5) Any creditor of the debtor is entitled, at all reasonable times on any business day, to inspect the file.

(6) Where the debtor is an undischarged bankrupt, the nominee shall send to the official receiver and (if any) the trustee—

- (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.

(7) Where the debtor is not an undischarged bankrupt, the nominee shall send a copy of each of the documents referred to in paragraph (6) to any person who has presented a bankruptcy petition against the debtor.

(8) The filing in court of the report under section 256A shall constitute an insolvency proceeding for the purpose of Rule 7.27 and Rule 7.30.

#### **Filing of reports made under section 256A—appropriate court**

**5.15.—**(1) Except where the debtor is an undischarged bankrupt, the court in which the nominee's report under section 256A is to be filed is the court in which the debtor would be entitled to present his own petition in bankruptcy under Rule 6.40.

(2) The report shall contain sufficient information to establish that it is filed in the appropriate court.

(3) Where the debtor is an undischarged bankrupt, such report shall be filed in the court having the conduct of his bankruptcy and shall be filed with the bankruptcy proceedings.

### **Applications to the court**

**5.16.**—(1) Any application to court in relation to any matter relating to a voluntary arrangement or a proposal for a voluntary arrangement shall be made in the court in which the nominee's report was filed.

(2) Where the debtor intends to apply to the court under section 256A(4)(a) or (b) for the nominee to be replaced, he shall give to the nominee at least 7 days' notice of the application.

(3) Where the nominee intends to apply to the court under section 256A(4)(b) for his replacement as nominee, he shall give to the debtor at least 7 days' notice of the application.

(4) No appointment of a replacement nominee shall be made by the court unless there is filed in court a statement by the replacement nominee indicating his consent to act.

## **CHAPTER 5**

### **CREDITORS' MEETINGS**

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

**5.17.**—(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—

- (a) in a case where an interim order has not been obtained, not less than 14 days and not more than 28 days from that on which the nominee's report is filed in court under Rule 5.14; and
- (b) in a case where an interim order is in force, not less than 14 days from the date on which the nominee's report is filed in court nor more than 28 days from that on which the report is considered by the court.

(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 5.23(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**

**5.18.**—(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.

[FORM 8.1]

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

**5.19.**—(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—

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

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

**5.20.** 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.

#### **Entitlement to vote**

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

(2) A creditor's entitlement to vote is calculated as follows—

- (a) where the debtor is not an undischarged bankrupt and an interim order is in force, by reference to the amount of the debt owed to him as at the date of the interim order;

- (b) where the debtor is not an undischarged bankrupt and an interim order is not in force, by reference to the amount of the debt owed to him at the date of the meeting; and
- (c) where the debtor is an undischarged bankrupt, by reference to the amount of the debt owed to him as at the date of the bankruptcy order.

(3) A creditor may vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained, and for the purposes of voting (but not otherwise) his debt shall be valued at £1 unless the chairman agrees to put a higher value on it.

#### **Procedure for admission of creditors' claims for voting purposes**

**5.22.**—(1) Subject as follows, at the creditors' meeting the chairman shall ascertain the entitlement of persons wishing to vote and shall admit or reject their claims accordingly.

(2) The chairman may admit or reject a claim in whole or in part.

(3) The chairman's decision on any matter under this Rule or under paragraph (3) of Rule 5.21 is subject to appeal to the court by any creditor or by the debtor.

(4) If the chairman is in doubt whether a claim should be admitted or rejected, he shall mark it as objected to and allow votes to be cast in respect of it, subject to such votes being subsequently declared invalid if the objection to the claim is sustained.

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

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

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

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

#### **Requisite majorities**

**5.23.**—(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) who have notice of the meeting;
- (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 the 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 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 5.20, his vote with that proxy does not count towards any majority under this Rule.

(7) The chairman's decision on any matter under this Rule is subject to appeal to the court by any creditor or by the debtor and paragraphs (5) to (7) of Rule 5.22 apply as regards such an appeal.

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

**5.24.**—(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.

## **CHAPTER 6**

### **IMPLEMENTATION OF THE ARRANGEMENT**

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

**5.25.**—(1) If the voluntary arrangement is approved (with or without modifications), a resolution may be taken by the creditors, where two or more individuals 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 or is an authorised person in relation to the debtor.

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

**5.26**—(1) Forthwith after the approval of the voluntary arrangement, the debtor or, where the debtor is an undischarged bankrupt, the official receiver or the debtor's trustee, 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 any case where the debtor is an undischarged bankrupt, 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 where the debtor is an undischarged bankrupt, 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) Where the debtor is an undischarged bankrupt, the official receiver and (if other) the trustee has 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**

**5.27.**—(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;
- (d) whether in the opinion of the supervisor,
  - (i) the EC Regulation applies to the voluntary arrangement, and
  - (ii) if so, whether the proceedings are main proceedings or territorial proceedings; and
- (e) 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 and any other creditor of whom the chairman is aware, and where the debtor is an undischarged bankrupt, the official receiver and (if any) the trustee.

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

(5) In a case where no interim order has been obtained the court shall not consider the chairman's report unless an application is made to the court under the Act or the Rules in relation to it.

#### **Register of voluntary arrangements**

**5.28.**—(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 Rules 5.29 and 5.34 and orders of suspension made under section 262 reported to him in pursuance of Rule 5.30.

(2) Where the Secretary of State has received notice of the making of a revocation order or that an arrangement has been fully implemented in pursuance of Rules 5.30 or 5.34 or has otherwise received written notice of the termination of an arrangement from the supervisor and—

- (a) the revocation order under section 262 was made prior to 22nd March 1999, or
- (b) the final completion or termination of the arrangement occurred more than 2 years prior to 22nd March 1999,

the Secretary of State shall delete from the register all matters entered in it relating to such arrangement.

(3) Where the Secretary of State receives notice under Rule 5.30(5) of the making of a revocation order in respect of an individual voluntary arrangement of which entry is made in the register, the Secretary of State shall delete from the register all matters entered in it relating to that arrangement.

(4) Where the Secretary of State receives notice under Rule 5.34(3) of the full implementation or termination of an individual voluntary arrangement of which entry is made in the register, the Secretary of State shall, on the expiry of 2 years after the final completion or termination of such individual voluntary arrangement, delete from the register all matters entered in it relating to that arrangement.

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

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

**5.29.**—(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**

**5.30.**—(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 a case where the debtor is an undischarged bankrupt, on the debtor, the official receiver and the trustee;
- (b) in any other case, 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 or (where the debtor is an undischarged bankrupt) the trustee or (if there is no trustee) the official receiver 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, are 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 reconsideration 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 and shall, in the case of an order of suspension, within 7 days of the expiry of any suspension order, give written notice of such expiry to the Secretary of State.

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

**5.31.**—(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 a case where the debtor is an undischarged bankrupt) 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**

**5.32**—(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 5.31.

(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**

**5.33.** 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 or termination of the arrangement**

**5.34.**—(1) Not more than 28 days after the final completion or termination 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 or (as the case may be) terminated.

(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 or (in the case of termination of the arrangement) explaining the reasons why the arrangement has not been implemented in accordance 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), and he shall not vacate office until after such copies have been sent.

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

## **CHAPTER 7**

### **EC REGULATION: CONVERSION OF VOLUNTARY ARRANGEMENT INTO BANKRUPTCY**

#### **Application for conversion of voluntary arrangement into bankruptcy**

**5.35.**—(1) Where a member State liquidator proposes to apply to the court for conversion under Article 37 of the EC Regulation (conversion of earlier proceedings) of a voluntary arrangement into a bankruptcy, an affidavit complying with Rule 5.36 must be prepared and sworn, and filed in court in support of the application.

(2) An application of the kind referred to in paragraph (1) shall be by originating application.

(3) The application and the affidavit required under this Rule shall be served upon—

- (a) the debtor; and
- (b) the supervisor.

#### **Contents of affidavit**

**5.36.**—(1) The affidavit shall state—

- (a) that main proceedings have been opened in relation to the debtor in a member State other than the United Kingdom;
- (b) the deponent's belief that the conversion of the voluntary arrangement into a bankruptcy would prove to be in the interests of the creditors in the main proceedings; and

- (c) all other matters that, in the opinion of the member State liquidator, would assist the court—
  - (i) in deciding whether to make an order under Rule 5.37, and
  - (ii) if the court were to do so, in considering the need for any consequential provision that would be necessary or desirable.

(2) An affidavit under this Rule shall be sworn by, or on behalf of, the member State liquidator.

**Power of court**

**5.37.**—(1) On hearing an application for conversion of a voluntary arrangement into a bankruptcy, the court may make such order as it thinks fit.

(2) If the court makes an order for conversion of a voluntary arrangement into a bankruptcy under paragraph (1), the order may contain all such consequential provisions as the court deems necessary or desirable.

(3) Where the court makes an order for conversion of a voluntary arrangement into a bankruptcy under paragraph (1), any expenses properly incurred as expenses of the administration of the voluntary arrangement in question shall be a first charge on the bankrupt’s estate.

**Notices to be given to member State liquidator**

**5.38.**—(1) This Rule applies where a member State liquidator has been appointed in relation to the debtor.

(2) Where the supervisor is obliged to give notice to, or provide a copy of a document (including an order of the court) to, the court or the official receiver, the supervisor shall give notice or provide copies, as appropriate, to the member State liquidator.”.

**PART 4**

**AMENDMENTS TO PART 6 OF THE PRINCIPAL RULES**

**Amendment to Rule 6.224**

**25.** In Rule 6.224—

(a) for sub-paragraph (a) of paragraph (1) there is substituted—

“(a) expenses or costs which—

- (i) are properly chargeable or incurred by the official receiver or the trustee in preserving, realising or getting in any of the assets of the bankrupt or otherwise relating to the conduct of any legal proceedings which he has power to bring (whether the claim on which the proceedings are based forms part of the estate or otherwise) or defend;
- (ii) relate to the employment of a shorthand writer, if appointed by an order of the court made at the instance of the official receiver in connection with an examination; or
- (iii) are incurred in holding an examination under Rule 6.174 (examinee unfit) where the application was made by the official receiver;”;

(b) after sub-paragraph (l) of paragraph (1) there is inserted—

“(la) the costs of employing a shorthand writer in any case other than one appointed by an order of the court at the instance of the official receiver in connection with an examination;”

(c) after the word “trustee” in sub-paragraph (q) of paragraph (1) there is inserted—

“;

(r) any other expenses properly chargeable by the trustee in carrying out his functions in the bankruptcy”; and

(d) paragraphs (2) and (3) are omitted.

## PART 5

### AMENDMENTS TO INDEX TO SCHEDULE 4 TO THE PRINCIPAL RULES

- “1.1 Notice to registrar of companies of voluntary arrangement taking effect
- 1.2 Notice to registrar of companies of order of revocation or suspension of voluntary arrangement
- 1.3 Notice to registrar of companies of supervisor’s abstract of receipts and payments
- 1.4 Notice to registrar of companies of completion or termination of voluntary arrangement
- 1.5 Nominee’s statement of opinion
- 1.6 Statement of affairs
- 1.7 Statement of eligibility for a moratorium
- 1.8 Statement of consent to act by nominee
- 1.9 Documents to be submitted to court to obtain moratorium
- 1.10 Advertisement of coming into force or ending of moratorium
- 1.11 Notice to registrar of companies of commencement of moratorium
- 1.12 Notice to registrar of companies of extension or further extension or renewal or continuation of moratorium
- 1.13 Notice to court of extension or further extension of moratorium
- 1.14 Notice to the registrar of companies of ending of moratorium
- 1.15 Nominee’s notice to court of end of moratorium
- 1.16 Notice to the registrar of companies of the withdrawal of nominee’s consent to act
- 1.17 Notice to court by nominee of withdrawal of consent to act
- 1.18 Notice to the registrar of companies of the appointment of a replacement nominee
- 1.19 Notice to court of appointment of replacement nominee”

PART 6

FORMS FOR INSERTION INTO SCHEDULE 4 TO THE PRINCIPAL RULES

Rule 1.24/1.54

Form 1.1

The Insolvency Act 1986

Notice to Registrar of Companies  
of Voluntary Arrangement Taking  
Effect

Pursuant to section 4 of, or  
paragraph 30 of Schedule A1 to,  
the Insolvency Act 1986

**S. 4/  
Para 30  
Sch A1**

For Official Use

--	--	--	--

Company number

--

To the Registrar of Companies

Name of company

(a) Insert full name of  
company

(a) _____  Limited
--------------------------

I (b)

(b) Insert full name and  
address

(c) Delete as applicable  
(d) Insert date

the chairman of meetings held in pursuance of [section 4 of] [paragraph 30 of  
Schedule A1 to](c) the Insolvency Act 1986 on (d)  
enclose a copy of my report of the said meetings.

Signed

Date

\_\_\_\_\_

Presenter's name , address  
and reference  
(if any)

<b>For Official Use</b>	
Liquidation Section	Post Room

Rule 1.25/1.54

The Insolvency Act 1986

Notice to Registrar of Companies of Order of Revocation or Suspension of Voluntary Arrangement

# S. 6/ Para 38 Sch A1

**Pursuant to section 6 of, or paragraph 38 of Schedule A1 to, the Insolvency Act 1986**

For Official Use

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To the Registrar of Companies

Company number

--

Name of company

(a) Insert full name of company

(a) _____  <p style="text-align: right;">Limited</p>
--

(b) Insert full names and addresses

I/We (b)

(c) Insert date  
(d) Delete as applicable

enclose a copy of the order of the court dated(c) [revoking]  
[suspending] (d) the voluntary arrangement which took effect on (c)

Signed

Date

\_\_\_\_\_

Presenter's name, address and reference (if any):

For Official Use	
Liquidation Section	Post Room

Rules 1.26/1.54 The Insolvency Act 1986

# R.1.26(2)(b)/ R.1.54

Notice to Registrar of Companies of  
Supervisor's Abstract of Receipts and  
Payments

**Pursuant to Rule 1.26(2)(b) or Rule  
1.54 of the Insolvency Rules 1986**

For Official Use

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To the Registrar of Companies

Company number

Name of company

(a) Insert full name of  
company

(a) _____  Limited
--------------------------

(b) Insert full name  
and address

I(b)

supervisor of a voluntary arrangement taking effect on

(c) Insert date

present overleaf my abstract of receipts and payments for the period

from

to

Number of continuation sheets (if any) attached

Signed

Date

Presenter's name,  
address and reference

For Official Use	
Liquidation Section	Post Room

The Insolvency Act 1986

# R.1.29/ R.1.54

Notice to Registrar of  
Companies of Completion or  
Termination of Voluntary  
Arrangement

**Pursuant to Rule 1.29 or Rule  
1.54 of the Insolvency Rules  
1986.**

For Official Use

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To the Registrar of Companies

Company number

--

Name of company

(a) Insert full name of  
company

(a) _____  Limited
--------------------------

(b) Insert full name and  
address

I (b)

(c) Insert date  
(d) Delete as applicable

the supervisor of a voluntary arrangement which took effect on (c)  
enclose a copy of my notice to the creditors and members of the above-named company that  
the voluntary arrangement [has been completed] [has terminated] (d), together with a report  
of my receipts and payments

Signed

Date

Presenter's name,  
address and reference  
(if any):

\_\_\_\_\_

<b>For Official Use</b>	
Liquidation Section	Post Room

Rule 1.38 and 1.39

# Nominee's statement of opinion pursuant to paragraph 6(2) of Schedule A1 to the Insolvency Act 1986

Name of company

(a) Insert full name of  
company

(a)		Limited
-----	--	---------

(b) Insert full name and  
address

I (b)

make this statement pursuant to paragraph 6(2) of Schedule A1 to the Insolvency Act 1986.

In my opinion:

(c) Insert date  
(d) Delete as applicable

(a) the proposed voluntary arrangement in relation to the above-named company, the terms of which are set out in the document dated (c) prepared by the directors [has] [does not have] (d) a reasonable prospect of being approved and implemented;

(b) the company [is] [is not] (d) likely to have sufficient funds available to it during the proposed moratorium to enable it to carry on its business; and

(c) meetings of the company and its creditors [should] [should not] (d) be summoned to consider the proposed voluntary arrangement.

Signed

Date

---

Rules 1.37 and 1.39

## Statement of Affairs

(a) Insert full name of company

Statement as to the affairs of (a) \_\_\_\_\_  
Limited as at (b) \_\_\_\_\_. The pages attached  
hereto are to the best of our knowledge and belief a full, true and  
complete statement as to the affairs of the above-named company (c).

(b) Insert date

(c) The attached pages should set out the details referred to in Rule 1.37(2) and 1.39(4).

Signed \_\_\_\_\_ (Director)

(d) Delete as appropriate

Signed \_\_\_\_\_ (Director/Secretary) (d)

Date \_\_\_\_\_

# Statement of eligibility for a moratorium pursuant to paragraph 7(1)(c) of Schedule A1 to the Insolvency Act 1986

Name of company

(a) Insert full name of company

(a)	Limited
-----	---------

The following statement of eligibility for a moratorium under section 1A of the Insolvency Act 1986 is made by the directors of the above-named company-

1. The company meets the requirements of paragraph 3 of Schedule A1 to the Insolvency Act 1986, and is not a company which falls within paragraph 2 (2) of that Schedule.

(b) Insert date

2. The company, as at (b) \_\_\_\_\_, the date of filing in court of this statement, is not excluded from being eligible for a moratorium by virtue of paragraph 4 of Schedule A1 to the Insolvency Act 1986.

(c) Delete as applicable

Signed \_\_\_\_\_ Director

Signed \_\_\_\_\_ Director/Secretary (c)

Date \_\_\_\_\_

Paragraphs 7(1)(d)  
and 28(2) of  
Schedule A1 to the  
Insolvency Act  
1986

## Statement of consent to act by nominee

(a) Insert full name  
of company

Name of company

(a)
Limited

(b) Insert full  
name, address and  
qualification of person  
making the statement

I (b)

have consented to act as nominee in relation to proposals for a voluntary  
arrangement between the above-named company and its creditors  
pursuant to Part I of the Insolvency Act 1986.

Signed

Date

Rule 1.39

# Documents to be submitted to court to obtain moratorium

Company number

(a) Insert full name of company

Name of company

(a) \_\_\_\_\_ Limited.

We, the directors of the above-named company, hereby file the following—

(b) Insert date

- (i) the document setting out the terms of the proposed voluntary arrangement dated (b) \_\_\_\_\_ ;
- (ii) the statement of the company’s affairs as at (b) \_\_\_\_\_ ;
- (iii) the statement that the company is eligible for a moratorium;
- (iv) the statement that the nominee has given his consent to act;
- (v) the statement of opinion from the nominee;
- (vi) the nominee’s comments under Rule 1.38(2); and
- (vii) a statement of the reasons for the extension of the period under Rule 1.37(3) (delete if not applicable).

Signed \_\_\_\_\_ Director

(c) Delete as applicable

Signed \_\_\_\_\_ Director/Secretary (c)

Date \_\_\_\_\_

(d) To be completed by the court

(e) Insert date

(f) Insert name of court

**Endorsement (d)**

This form and the attached documents have been filed on (e) \_\_\_\_\_ at (f) \_\_\_\_\_

# Advertisement of coming into force or ending of moratorium (for Newspaper or Gazette)

(a) Insert full name of company

The Insolvency Act 1986

In the matter of (a) \_\_\_\_\_

(b) Give details of nature of business carried on by the company

\_\_\_\_\_  
\_\_\_\_\_ Limited

Nature of business(b)

(c) Insert date

A moratorium under section 1A of the Insolvency Act 1986 came into force on (c)

(d) Delete as applicable

OR(d)

The moratorium under section 1A of the Insolvency Act 1986 which came into force on (c) came to an end on (c)

Signed \_\_\_\_\_ Nominee

Rule 1.40 The Insolvency Act 1986

# P 10(1)

Notice to Registrar of Companies of Commencement of Moratorium

**Pursuant to paragraph 10(1) of Schedule A1 to the Insolvency Act 1986**

For Official Use

--	--

To the Registrar of Companies

Company number

--

Name of company

(a) Insert full name of company

(a) _____ Limited
-------------------

(b) Insert full name and address

I (b)

(c) Insert date

(d) Insert name of court where documents to obtain moratorium were filed

give notice that a moratorium came into force in respect of the above company on (c) . The documents were filed at (d)

Signed

Nominee Date

Presenter's name, address and reference (if any):

<b>For Official Use</b>	
Liquidation Section	Post Room

Rule 1.41 The Insolvency Act 1986

Notice to Registrar of  
Companies of Extension or  
Further extension or Renewal or  
Continuation of Moratorium

# P 34(1)

Pursuant to paragraph 34(1) of  
Schedule A1 to the Insolvency Act  
1986 or Rule 1.41(2)

For Official Use  

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To the Registrar of Companies

Company number

Name of company

(a) Insert full name of  
company

(a) _____  <p style="text-align: right;">Limited</p>
--

(b) Insert full name  
and address

I (b)

(c) Delete as  
applicable

(d) Insert date

give notice that the moratorium in respect of the above-named company [was  
extended] [was further extended] [was renewed] [was continued] (c)  
until (d) [by order of the court] [decision having effect under  
paragraph 36(2) of Schedule A1 to the Insolvency Act 1986](c).

Signed

Nominee Date

Presenter's name,  
address and reference  
(if any):

<b>For Official Use</b>	
Liquidation Section	Post Room

# Notice to court of extension or further extension of moratorium

Name of company

(a) Insert full name of  
company

(a)	Limited
-----	---------

(b) Insert full name and  
address

I (b)

(c) Insert date  
(d) Delete as applicable

hereby give you notice that on (c) the moratorium in force in  
respect of the above-named company was [extended] [further extended] (d)  
to (c) .

Signed \_\_\_\_\_ Nominee

Date \_\_\_\_\_

The Insolvency Act 1986

Notice to Registrar of  
Companies of Ending of  
Moratorium

# P11(1)

**Pursuant to paragraph 11(1) of  
Schedule A1 to the Insolvency Act  
1986**

For Official Use

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To the Registrar of Companies

Company number

Name of company

--

(a) Insert full name of  
company

(a) _____  Limited
--------------------------

(b) Insert full name  
and address

I (b)

(c) Insert date

give notice that the moratorium in respect of the above-named company  
came to an end on (c)

Signed

Nominee Date

Presenter's name,  
address and reference  
(if any):

<b>For Official Use</b>	
Liquidation Section	Post Room

Rule 1.42

Paragraph 11(1)  
of Schedule A1 to  
the Insolvency  
Act 1986

# Nominee's notice to court of end of moratorium

Name of company

(a) Insert full name of  
company

(a)
Limited

(b) Insert full name and  
address

I (b)

hereby give you notice that the moratorium in force in respect of the above-named company came to an end on (c)

(c) Insert date

Signed \_\_\_\_\_ Nominee

Date \_\_\_\_\_

Notice to Registrar of Companies of Withdrawal of Nominee's Consent to Act

P 25

For Official Use

[ ] [ ] [ ] [ ]

Pursuant to paragraph 25(5) of Schedule A1 to the Insolvency Act 1986

To the Registrar of Companies

Company Number

[ ]

Name of company

(a) Insert full name of company

(a) \_\_\_\_\_ Limited

(b) Insert full name and address

I (b)

(c) Insert date

(d) Delete as applicable

(e) Delete if not applicable

give notice that on (c) \_\_\_\_ I withdrew my consent to act as nominee for the above-named company for the following reasons (d)

[I have formed the opinion that the proposed voluntary arrangement [with modifications](e) no longer has a reasonable prospect of being approved and implemented.]

[I have formed the opinion that the company will not have sufficient funds available to it during the remainder of the moratorium to enable it to carry on its business.]

[I have become aware that on the date of filing for the moratorium the company was not eligible for a moratorium.]

[The directors of the company have not submitted to me information I requested pursuant to paragraph 24(2) of Schedule A1 to the Insolvency Act 1986.]

Presenter's name, address and reference (if any):

Signed

Nominee Date

\_\_\_\_\_

For Official Use	
Liquidation Section	Post Room

Paragraph 25(5) of  
Schedule A1 to the  
Insolvency Act 1986

# Notice to court by nominee of withdrawal of consent to act

Name of company

(a) Insert full name of  
company

(a)	Limited
-----	---------

(b) Insert full name and  
address

I (b)

(c) Insert date

(d) Delete inapplicable  
reasons

(e) Delete if not applicable

hereby give you notice that on (c) I withdrew my  
consent to act as nominee in respect of the above-named company for the  
following reasons (d):

[(i) I have formed the opinion that the proposed voluntary arrangement [with  
or without modification] (e) no longer has a reasonable prospect of being  
approved and implemented.]

[(ii) I have formed the opinion that the company will not have sufficient  
funds available to it during the remainder of the moratorium to enable it to  
carry on its business.]

[(iii) I have become aware that on the date of filing for the moratorium the  
company was not eligible for a moratorium.]

[(iv) The directors of the company have not submitted to me information  
requested pursuant to paragraph 24(2) of Schedule A1 to the Insolvency Act  
1986]

Signed \_\_\_\_\_ Nominee

Date \_\_\_\_\_

Rule 1.46

The Insolvency Act 1986

Notice to Registrar of  
Companies of Appointment of  
a Replacement Nominee

# R1.46

## Pursuant to Rule 1.46 of the Insolvency Rules 1986

For Official Use

To the Registrar of Companies

--	--	--	--

Company number

Name of company

--

(a) Insert full name of  
company

(a)

\_\_\_\_\_

Limited

(b) Insert full name  
and address

I (b)

(c) Insert date

give notice that on (c) I was appointed to act as a replacement  
nominee in relation to the moratorium in force in respect of the above-named  
company

Signed \_\_\_\_\_ Nominee

Date \_\_\_\_\_

Presenter's name,  
address and reference  
(if any):

<b>For Official Use</b>	
Liquidation Section	Post Room

Rule 1.46

## Notice to court of appointment of replacement nominee

(a) Insert full name of company

Name of company

(a)	
-----	--

Limited

(b) Insert full name, address and qualification

I (b)

(c) Insert date

was appointed on (c) to act as replacement nominee in relation to the moratorium in force in respect of the above-named company. A copy of my consent to act is attached.

Signed \_\_\_\_\_ Nominee

Date \_\_\_\_\_

# Interim Order of Court under section 252 of the Insolvency Act 1986 (TITLE)

(a) Insert full name and address of applicant	Upon the application of (a)
	And upon hearing
	And upon reading the evidence
(b) Delete as applicable	(b) [And upon the application of _____, the nominee, for an extension of the period for which the interim order shall have effect pursuant to section 256(4) of the Insolvency Act 1986.]
(c) 14 days unless an extension is granted on the application of the nominee	It is ordered that during the period of (c) _____ days beginning with the day after the date of this order and during any extended period for which this interim order has effect:
(d) Insert the name of the debtor	(i) no bankruptcy petition relating to the above-named (d) _____ _____ (the debtor) may be presented or proceeded with, and
	(ii) no other proceedings, and no execution or other legal process, may be commenced or continued against the debtor or his property except with the leave of the court.
(e) Date to be 2 business days before the day on which the report is to be considered	And it is ordered that the report of the nominee be submitted and delivered by him to the court not later than (e).
	[And it is ordered that (f) _____ ]
(f) Insert details of any orders made under section 255(3) and (4) of the Insolvency Act 1986	And it is ordered that
(g) Delete if debtor is not a bankrupt or if he is a bankrupt but the applicant is the official receiver	(g) [And it is ordered that the applicant forthwith serve a copy of this order on the official receiver.]
	Date _____
	Time _____ hours
	Place _____
	be appointed for consideration of the nominee's report.
	Dated _____

## Order extending effect of Interim Order (TITLE)

(a) Insert full name and address of applicant

Upon the application of (a)

And upon hearing

And upon reading the evidence

(b) Insert date of filing

And the court having this day considered the report of the nominee submitted pursuant to section 256 of the Insolvency Act 1986 and filed on (b)

(c) Insert date

It is ordered that the period for which the interim order made on (c) \_\_\_\_\_ has effect be extended to (c) \_\_\_\_\_ to enable a meeting of the debtor's creditors to be summoned to consider the debtor's proposals, such meeting as proposed by the nominee to be held on: -

(d) Date to be not less than 14 days from date of filing of report under Rule 5.11 nor more than 28 days from date of consideration of report under Rule 5.13

Date (d) \_\_\_\_\_

Time (e) \_\_\_\_\_ hours

Place \_\_\_\_\_

(e) Time to be between 10.00 and 16.00 hours on a business day (Rule 5.18(2))

And it is ordered that this application be adjourned to :-

Date \_\_\_\_\_

Time \_\_\_\_\_ hours

Place \_\_\_\_\_

for consideration of the report of the chairman of the creditors' meeting.

Dated \_\_\_\_\_

**Documents to be submitted to court  
under Rule 5.14  
(TITLE)**

(a) Insert full name, address and qualification of the nominee I(a) \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ hereby file the following:-

(i) the document setting out the terms of the proposed voluntary arrangement

(b) Insert debtor's name and address (with amendments, if any, authorised under Rule 5.3(3)) of (b) \_\_\_\_\_  
\_\_\_\_\_

(c) Insert date \_\_\_\_\_ (the debtor) dated (c) \_\_\_\_\_;

- (d) Delete if not applicable
- (ii) a copy or summary of the statement of affairs provided by the debtor (d);
  - (iii) a copy of the notice referred to in Rule 5.4;
  - (iv) a copy of my comments under Rule 5.14(3); and
  - (v) a copy of my report under Section 256A.

**It is not intended that the debtor will apply to the court for an interim order under section 252.**

Signed \_\_\_\_\_ Nominee  
Dated \_\_\_\_\_

- (e) To be completed by the court
- (f) Insert date
- (g) Insert name of court

**Endorsement (e)**

This form and the attached documents have been filed on (f) \_\_\_\_\_  
at (g) \_\_\_\_\_

## EXPLANATORY NOTE

*(This note is not part of the Rules)*

These Rules make a number of changes to the Insolvency Rules 1986. These are set out in the Schedule to these Rules.

Part 1 of the Schedule to these Rules makes a number of amendments to the provisions of Part 1 of the Insolvency Rules which relate to company voluntary arrangements. Many of these are consequential on amendments made to the Insolvency Act 1986 by the Insolvency Act 2000. In particular—

- (a) a number of amendments are made in consequence of the bringing into force of section 389A of the Insolvency Act 1986 which creates the possibility of qualified persons other than insolvency practitioners acting as nominees or supervisors in relation to company voluntary arrangements (see for example, paragraph 5 of the Schedule);
- (b) provision is made to permit the holding of the meetings of members and creditors on different days (previously they had to be held on the same day) (see paragraph 6 of the Schedule which amends Rule 1.13(3) of the Insolvency Rules 1986);
- (c) the rules regarding creditors' entitlement to vote are amended so as to provide that creditors with unliquidated claims are always entitled to vote for £1 unless the chairman of the meeting agrees to put a higher value on the claim. This means that creditors with liquidated or unliquidated claims will be bound by an arrangement if for some reason they do not receive notice of the meeting;
- (d) a number of amendments are made in consequence of the changes to the Insolvency Act 1986 by the insertion of a section 4A which provides that a voluntary arrangement is to have effect notwithstanding that the members of the company do not vote in favour of it (see for example paragraphs 13 and 14 of the Schedule to the Rules);
- (e) a number of provisions are introduced in connection with the bringing into force of the provisions of the Insolvency Act 2000 which insert section 1A and Schedule A1 into the Insolvency Act 1986. These provisions allow the directors of eligible companies (broadly speaking, small companies) to obtain a moratorium with a view to obtaining the approval of a proposal for a voluntary arrangement.

Part 2 of the Schedule to these Rules makes a number of amendments to Part 4 of the Insolvency Rules 1986 so as to enable liquidators to recover the costs of bringing certain actions (eg under section 214 of the Insolvency Act 1986) from the assets of the company.

Part 3 of the Schedule to these Rules substitutes a new Part 5 of the Insolvency Rules 1986 which relates to individual voluntary arrangements. The new Part 5 takes account of amendments made to Part VIII of the Insolvency Act 1986 by the Insolvency Act 2000 which amends the provisions of the Insolvency Act 1986 relating to individual voluntary arrangements. The same amendments regarding voting rights are made as in relation to company voluntary arrangements.

Part 4 of the Schedule makes amendments to Part 6 of the Insolvency Rules 1986 so as to enable a trustee in bankruptcy to recover from the bankruptcy estate the costs of bringing certain actions (e.g actions under section 339 (transactions at an undervalue)).

Parts 5 and 6 of the Schedule make a number of amendments to Schedule 4 to the Rules which sets out the forms for use in connection with insolvency proceedings. Amendments are made to the forms for use in connection with voluntary arrangements.

The costs to business of the commencement of the provisions of the Insolvency Act 2000 are detailed in the Regulatory Impact Assessment prepared for that Act. Copies of the assessment are available from the Policy Unit, The Insolvency Service, 21 Bloomsbury Street, London WC1B 3QW.

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