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STATUTORY INSTRUMENTS

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**2007 No. 3475**

**The School Organisation (Removal of Foundation, Reduction in Number of Foundation Governors and Ability of Foundation to Pay Debts) (England) Regulations 2007**

**Part 2**

**Ability of Foundation to Pay Debts**

**Interpretation and application of Part 2**

**20.** In this Part any reference to a foundation is a reference to the trustee of a school to which paragraph 8A of Schedule 22 to SSFA 1998 applies.

**Conditions relating to the ability of a foundation to pay its debts**

**21.** The conditions prescribed for the purposes of paragraph 8A(2)(d) of Schedule 22 to SSFA 1998 are that—

- (a) the foundation is unable to pay its debts within the meaning of section 123 of the Insolvency Act, provided that for the purposes of this regulation section 123(1)(a) of the Insolvency Act has effect as if—
  - (i) the amount of £10,000 was substituted for £750, and
  - (ii) there was an additional condition that it cannot be shown to the satisfaction of the Secretary of State that such demand as is mentioned in that paragraph is being contested in good faith by the foundation;
- (b) the foundation has a receiver (and manager, with the exception of a receiver and manager appointed by the Charity Commission under the Charities Act<sup>(1)</sup>), administrator or administrative receiver appointed over all or any part of its undertakings,
- (c) any restraint, execution or other process is levied or enforced on any of the land held by the foundation (other than for the purposes of the school) and is not paid out, withdrawn or discharged within 15 working days,
- (d) the foundation calls a meeting of its creditors (whether formal or informal) or enters into any composition or arrangement (whether formal or informal) with its creditors, or
- (e) the foundation proposes a voluntary arrangement within section 1 of the Insolvency Act.

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<sup>(1)</sup> Section 18(1)(vii).