
STATUTORY RULES OF NORTHERN IRELAND

1991 No. 364

The Insolvency Rules (Northern Ireland) 1991

PARTS 1 TO 4 COMPANY INSOLVENCY; COMPANIES WINDING UP

PART 1

COMPANY VOLUNTARY ARRANGEMENTS

CHAPTER 2

PROPOSAL BY DIRECTORS

Contents of proposal

1.03.—(1) The directors' proposal shall provide a short explanation why, in their opinion, a voluntary arrangement under Part II of the Order is desirable, and give reasons why the company's creditors may be expected to concur with such an arrangement.

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

(a) the following matters, so far as within the directors' immediate knowledge—

(i) the company's 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 company itself, 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 company's liabilities (so far as within the directors' 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 Article 17(7)) and creditors who are, or claim to be, secured,

(ii) how persons connected with the company (being creditors) are proposed to be treated under the arrangement, and

(iii) whether there are, to the directors' knowledge, any circumstances giving rise to the possibility, in the event that the company should go into liquidation, of claims under—

Article 202 (transactions at an undervalue),

Article 203 (preferences),

Article 206 (extortionate credit transactions), or Article 207 (floating charges invalid);

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 company in respect of such claims;

- (d) whether any, and if so what, guarantees have been given of the company's debts by other persons, specifying which (if any) of the guarantors are persons connected with the company;
- (e) the proposed duration of the voluntary arrangement;
- (f) the proposed dates of distributions to creditors, with estimates of their amounts;
- (g) the amount proposed to be paid to the nominee (as such) by way of remuneration and expenses;
- (h) the manner in which it is proposed that the supervisor of the arrangement should be remunerated, and his expenses defrayed;
- (j) whether, for the purposes of the arrangement, any guarantees are to be offered by directors, or other persons, and whether (if so) any security is to be given or sought;
- (k) the manner in which funds held for the purposes of the arrangement are to be banked, invested or otherwise dealt with pending distribution to creditors;
- (l) the manner in which funds held for the purpose of payment to creditors, and not so paid on the termination of the arrangement, are to be dealt with;
- (m) the manner in which the business of the company is proposed to be conducted during the course of the arrangement;
- (n) details of any further credit facilities which it is intended to arrange for the company, and how the debts so arising are to be paid;
- (o) the functions which are to be undertaken by the supervisor of the arrangement; and
- (p) the name, address and qualification of the person proposed as supervisor of the voluntary arrangement, and confirmation that he is (so far as the directors are aware) qualified to act as an insolvency practitioner in relation to the company.

(3) With the agreement in writing of the nominee, the director's proposal may be amended at any time up to delivery of the former's report to the court under Article 15(2).

[E.R.1.3]