

SCHEDULE 1

Article 6

“SCHEDULE 1

Article 4

MODIFIED PROVISIONS OF PART II OF, AND SCHEDULE A1 TO, THE ORDER
(COMPANY VOLUNTARY ARRANGEMENTS) AS APPLIED BY ARTICLE 4

PART I

MODIFIED PROVISIONS OF ARTICLES 14 TO 20B OF THE ORDER

Articles 14 to 20B of the Order are modified to read as follows:–

“PART II

PARTNERSHIP VOLUNTARY ARRANGEMENTS

The proposal

Those who may propose an arrangement

14.—(1) The members of an insolvent partnership (other than one for which an administration order is in force, or which is being wound up as an unregistered company, or in respect of which an order has been made by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995) may make a proposal under this Part to the partnership’s creditors for a composition in satisfaction of the debts of the partnership or a scheme of arrangement of its affairs (from here on referred to, in either case, as a “voluntary arrangement”).

(2) A proposal under this Part is one which provides for some person (“the nominee”) to act in relation to the voluntary arrangement either as trustee or otherwise for the purpose of supervising its implementation; and the nominee must be a person who is qualified to act as an insolvency practitioner or authorised to act as nominee, in relation to the voluntary arrangement.

(3) Such a proposal may also be made –

- (a) where an administration order is in force in relation to the partnership, by the administrator,
- (b) where the partnership is being wound up as an unregistered company, by the liquidator, and
- (c) where an order has been made by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995, by the trustee of the partnership.

(4) In this Part a reference to an insolvent partnership includes a reference to an insolvent partnership in relation to which a proposal for a voluntary arrangement may be made by virtue of Article 3 of the EC Regulation.

Moratorium

14A.—(1) Where the members of an eligible insolvent partnership intend to make a proposal for a voluntary arrangement, they may take steps to obtain a moratorium for the insolvent partnership.

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(2) Subject to paragraphs (3), (4), (5), (6) and (7), the provisions of Schedule AI to this Order have effect with respect to –

- (a) insolvent partnerships eligible for a moratorium under this Article,
- (b) the procedure for obtaining such a moratorium,
- (c) the effects of such a moratorium, and
- (d) the procedure applicable (in place of Articles 15 to 19 and 20) in relation to the approval and implementation of a voluntary arrangement where such a moratorium is or has been in force.

(3) Certain of the provisions applied in relation to insolvent partnerships by virtue of paragraph (2) are modified in their application in relation to insolvent partnerships in such manner that, after modification, they are as set out in Part II of Schedule 1 to the Insolvent Partnerships Order (Northern Ireland) 1995.

(4) Paragraphs 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18(4), 19(8), 24, 42(7), 44(2), 51(5), 53 and 55 of Schedule AI to this Order shall not apply.

(5) An insolvent partnership shall not to be treated as having committed an offence under paragraphs 27(2), 28(3), 32 or 33(1) of Schedule AI to the Order.

(6) Notwithstanding paragraph (5) an officer of an insolvent partnership may be liable to imprisonment or a fine under the paragraphs referred to in that paragraph in the same manner as an officer of a company.

(7) In the application of Schedule AI, and the application of the entries in Schedule 7 relating to offences under Schedule AI, to insolvent partnerships –

- (a) references to the directors or members of a company shall be construed as references to the members of an insolvent partnership,
- (b) references to officers of a company shall be construed as references to the officers of an insolvent partnership, and
- (c) references to a meeting of a company shall be construed as references to a meeting of the members of an insolvent partnership.

Procedure where nominee is not the liquidator, administrator or trustee

15.—(1) This Article applies where the nominee under Article 14 is not the liquidator, administrator or trustee of the insolvent partnership and the members of the partnership do not propose to take steps to obtain a moratorium under Article 14A for the insolvent partnership.

(2) The nominee shall, within 28 days (or such longer period as the High Court may allow) after he is given notice of the proposal for a voluntary arrangement, submit a report to the Court stating –

- (a) whether, in his opinion, the proposed voluntary arrangement has a reasonable prospect of being approved and implemented,
- (b) whether, in his opinion, meetings of the members of the partnership and of the partnership's creditors should be summoned to consider the proposal, and
- (c) if in his opinion such meetings should be summoned, the date on which, and time and place at which, he proposes the meetings should be held.

(3) The nominee shall also state in his report whether there are in existence any insolvency proceedings in respect of the insolvent partnership or any of its members.

(4) For the purposes of enabling the nominee to prepare his report, the person intending to make the proposal shall submit to the nominee –

- (a) a document setting out the terms of the proposed voluntary arrangement, and

- (b) a statement of the partnership's affairs containing
 - (i) such particulars of the partnership's creditors and of the partnership's debts and other liabilities and of the partnership property as may be prescribed, and
 - (ii) such other information as may be prescribed.
- (5) The High Court may –
 - (a) on an application made by the person intending to make the proposal, in a case where the nominee has failed to submit the report required by this Article or has died, or
 - (b) on an application made by that person or the nominee, in a case where it is impracticable or inappropriate for the nominee to continue to act as such, direct that the nominee be replaced as such by another person qualified to act as an insolvency practitioner, or authorised to act as nominee, in relation to the voluntary arrangement.

Summoning of meetings

16.—(1) Where the nominee under Article 14 is not the liquidator, administrator or trustee of the insolvent partnership, and it has been reported to the High Court that such meetings as are mentioned in Article 15(2) should be summoned, the person making the report shall (unless the Court otherwise directs) summon those meetings for the time, date and place proposed in the report.

(2) Where the nominee is the liquidator, administrator or trustee of the insolvent partnership, he shall summon meetings of the members of the partnership and of the partnership's creditors to consider the proposal for such a time, date and place as he thinks fit.

(3) The persons to be summoned to a creditors' meeting under this Article are every creditor of the partnership of whose claim and address the person summoning the meeting is aware.

Consideration and implementation of proposal

Decisions of meetings

17.—(1) The meetings under Article 16 shall decide whether to approve the proposed voluntary arrangement (with or without modifications).

(2) The modifications may include one conferring the functions proposed to be conferred on the nominee on another person qualified to act as an insolvency practitioner, or authorised to act as nominee, in relation to the voluntary arrangement, but they shall not include any modification by virtue of which the proposal ceases to be a proposal such as is mentioned in Article 14.

(3) A meeting so summoned shall not approve any proposal or modification which affects the right of a secured creditor of the partnership to enforce his security, except with the concurrence of the creditor concerned.

(4) A meeting so summoned shall not except with the concurrence of the preferential creditor concerned, approve any proposal or modification under which –

- (a) any preferential debt of the partnership is to be paid otherwise than in priority to such of its debts as are not preferential debts, or
- (b) a preferential creditor of the partnership is to be paid an amount in respect of a preferential debt that bears to that debt a smaller proportion than is borne to another preferential debt by the amount that is to be paid in respect of that other debt.

(5) Subject to paragraphs (3) and (4), each of the meetings shall be conducted in accordance with the rules.

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(6) After the conclusion of either meeting in accordance with the rules, the chairman of the meeting shall report the result of the meeting to the High Court, and, immediately after reporting to the Court, shall give notice of the result of the meeting to all those who were sent notice of the meeting in accordance with the rules.

(7) In this Article “preferential debt” has the meaning given by Article 346; and “preferential creditor” is to be construed accordingly.

Approval of arrangement

17A.—(1) This Article applies to a decision, under Article 17, with respect to the approval of a proposed voluntary arrangement.

(2) The decision has effect if, in accordance with the rules –

- (a) it has been taken by both meetings summoned under Article 16, or
- (b) (subject to any order made under paragraph (6)) it has been taken by the creditors' meeting summoned under that Article.

(3) If the decision taken by the creditors' meeting differs from that taken by the meeting of the members of the partnership, a member of the partnership may apply to the High Court.

(4) An application under paragraph (3) shall not be made after the end of the period of 28 days beginning with –

- (a) the day on which the decision was taken by the creditors' meeting, or
- (b) where the decision of the meeting of the members of the partnership was taken on a later day, that day.

(5) Where a member of an insolvent partnership which is regulated applies to the High Court under paragraph (3), the Financial Services Authority is entitled to be heard on the application.

(6) On an application under paragraph (3), the High Court may –

- (a) order the decision of the meeting of the members of the partnership to have effect instead of the decision of the creditors' meeting, or
- (b) make such other order as it thinks fit.

(7) In this Article “regulated” in relation to an insolvent partnership means a person who –

- (a) is, or has been, an authorised person within the meaning given by section 31 of the Financial Services and Markets Act 2000⁽¹⁾,
- (b) is, or has been, an appointed representative within the meaning given by section 39 of that Act, or
- (c) is carrying on, or has carried on, a regulated activity, within the meaning given by section 22 of that Act, in contravention of the general prohibition within the meaning given by section 19 of that Act.

Effect of approval

18.—(1) This Article applies where a decision approving a voluntary arrangement has effect under Article 17A.

(2) The voluntary arrangement –

- (a) takes effect as if made by the members of the partnership at the creditors' meeting, and
- (b) binds every person who in accordance with the rules –

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- (i) was entitled to vote at that meeting (whether or not he was present or represented at it), or
- (ii) would have been so entitled if he had had notice of it, as if he were a party to the voluntary arrangement.

(2A) If –

- (a) when the arrangement ceases to have effect any amount payable under the arrangement to a person bound by virtue of paragraph 2(b)(ii) has not been paid, and
- (b) the arrangement did not come to an end prematurely, the insolvent partnership shall at that time become liable to pay to that person the amount payable under the arrangement.

(3) Subject to paragraph (4), if the partnership is being wound up as an unregistered company, or an administration order or an order by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995 is in force, the High Court may do one or both of the following, namely –

- (a) by order –
 - (i) stay all proceedings in the winding up or in the proceedings under the order made by virtue of the said Article 11 (as the case may be), including any related insolvency proceedings of a member of the partnership in his capacity as such, or
 - (ii) discharge the administration order;
- (b) give such directions as it thinks appropriate for facilitating the implementation of the voluntary arrangement with respect to –
 - (i) the conduct of the winding up, the proceedings by virtue of the said Article 11 or the administration (as the case may be), and
 - (ii) the conduct of any related insolvency proceedings as referred to in subparagraph (a)(i).

(4) The High Court shall not make an order under paragraph (3)(a) –

- (a) at any time before the end of the period of 28 days beginning with the first day on which each of the reports required by Article 17(6) has been made to the Court, or
- (b) at any time when an application under Article 19 or an appeal in respect of such an application is pending, or at any time in the period within which such an appeal may be brought.

Challenge of decisions

19.—(1) Subject to this Article, an application to the High Court may be made, by any of the persons specified in paragraph (2), on one or both of the following grounds, namely –

- (a) that a voluntary arrangement which has effect under Article 17A unfairly prejudices the interests of a creditor, member or contributory of the partnership;
- (b) that there has been some material irregularity at or in relation to either of the meetings.

(2) The persons who may apply under this Article are –

- (a) a person entitled, in accordance with the rules, to vote at either of the meetings;
- (b) a person who would have been entitled, in accordance with the rules, to vote at the creditors' meeting if he had had notice of it;
- (c) the nominee or any person who has replaced him under Article 15(5) or 17(2); and

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- (d) if the partnership is being wound up as an unregistered company or an administration order or order by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995 is in force, the liquidator, administrator or trustee of the partnership.
- (3) An application under this Article shall not be made –
- (a) after the end of the period of 28 days beginning with the first day on which each of the reports required by Article 17(6) has been made to the High Court, or
 - (b) in the case of a person who was not given notice of the creditors' meeting, after the end of the period of 28 days beginning with the day on which he became aware that the meeting had taken place,

but (subject to that) an application made by a person within paragraph (2)(b) on the ground that the voluntary arrangement prejudices his interests may be made after the voluntary arrangement has ceased to have effect, unless it came to an end prematurely.

(4) Where on such an application the High Court is satisfied as to either of the grounds mentioned in paragraph (1), it may do one or both of the following, namely –

- (a) revoke or suspend any decision approving the voluntary arrangement which has effect under Article 17A or, in a case falling within paragraph (1)(b), any decision taken by the meeting in question which has effect under that Article;
- (b) give a direction to any person for the summoning of further meetings to consider any revised proposal the person who made the original proposal may make or, in a case falling within paragraph (1)(b), a further meeting of the members of the partnership or (as the case may be) of the partnership's creditors to reconsider the original proposal.

(5) Where at any time after giving a direction under paragraph (4)(b) for the summoning of meetings to consider a revised proposal the High Court is satisfied that the person who made the original proposal does not intend to submit a revised proposal, the Court shall revoke the direction and revoke or suspend any decision approving the voluntary arrangement which has effect under Article 17A.

(6) In a case where the High Court, on an application under this Article with respect to any meeting –

- (a) gives a direction under paragraph (4)(b), or
- (b) revokes or suspends an approval under paragraph (4)(a) or (5),

the Court may give such supplemental directions as it thinks fit, and, in particular, directions with respect to things done under the voluntary arrangement since it took effect.

(7) Except in pursuance of the preceding provisions of this Article, a decision taken at a meeting summoned under Article 16 is not invalidated by any irregularity at or in relation to the meeting.

False representations, etc.

19A.—(1) If, for the purpose of obtaining the approval of the members or creditors of an insolvent partnership or of the members or creditors of any of its members to a proposal for a voluntary arrangement in relation to the partnership or any of its members, a person who is an officer of the partnership or an officer (which for this purpose includes a shadow director) of a corporate member in relation to which a voluntary arrangement is proposed –

- (a) makes a false representation, or
- (b) fraudulently does, or omits to do, anything,

he shall be guilty of an offence.

- (2) Paragraph (1) applies even if the proposal is not approved.

Implementation of proposal

20.—(1) This Article applies where a voluntary arrangement has effect under Article 17A.

(2) The person who is for the time being carrying out in relation to the voluntary arrangement the functions conferred –

- (a) on the nominee by virtue of the approval given at one or both of the meetings summoned under Article 16, or
- (b) by virtue of Article 15(5) or 17(2) on a person other than the nominee,

shall be known as the supervisor of the voluntary arrangement.

(3) If any of the partnership's creditors or any other person is dissatisfied by any act, omission or decision of the supervisor, he may apply to the High Court; and on the application the Court may –

- (a) confirm, reverse or modify any act or decision of the supervisor,
- (b) give him directions, or
- (c) make such other order as it thinks fit.

(4) The supervisor –

- (a) may apply to the High Court for directions in relation to any particular matter arising under the voluntary arrangement, and
- (b) is included among the persons who may apply to the Court for the winding up of the partnership as an unregistered company or for an administration order to be made in relation to it.

(5) The High Court may, whenever –

- (a) it is expedient to appoint a person to carry out the functions of the supervisor, and
- (b) it is inexpedient, difficult or impracticable for an appointment to be made without the assistance of the Court,

make an order appointing a person who is qualified to act as an insolvency practitioner or authorised to act as supervisor, in relation to the voluntary arrangement, either in substitution for the existing supervisor or to fill a vacancy.

(6) The power conferred by paragraph (5) is exercisable so as to increase the number of persons exercising the functions of supervisor or, where there is more than one person exercising those functions, so as to replace one or more of those persons.

Prosecution of delinquent officers of partnership

20A.—(1) This Article applies where a moratorium under Article 14A has been obtained for an insolvent partnership or the approval of a voluntary arrangement in relation to an insolvent partnership has taken effect under Article 17A or paragraph 46 of Schedule A1.

(2) If it appears to the nominee or supervisor that any past or present officer of the insolvent partnership has been guilty of any offence in connection with the moratorium or, as the case may be, voluntary arrangement for which such officer is criminally liable, the nominee or supervisor shall forthwith –

- (a) report the matter to the Department, and
- (b) provide the Department with such information and give the Department such access to and facilities for inspecting and taking copies of documents (being information or

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documents in the possession or under the control of the nominee or supervisor and relating to the matter in question) as the Department requires.

(3) Where the Director of Public Prosecutions for Northern Ireland institutes criminal proceedings following any report under paragraph (2), the nominee or supervisor, and every officer and agent of the insolvent partnership past or present (other than the defendant), shall give the Director all assistance in connection with the prosecution which he is reasonably able to give.

For this purpose “agent” includes any banker or solicitor of the insolvent partnership and any person employed by the insolvent partnership as auditor, whether that person is or is not an officer of the insolvent partnership.

(4) The High Court may, on the application of the Director of Public Prosecutions for Northern Ireland, direct any person referred to in paragraph (3) to comply with that paragraph if he has failed to do so.

Arrangements coming to an end prematurely

20B. For the purposes of this Part, a voluntary arrangement the approval of which has taken effect under Article 17 A or paragraph 46 of Schedule A1 comes to an end prematurely if, when it ceases to have effect, it has not been fully implemented in respect of all persons bound by the arrangement by virtue of Article 18(2)(b)(i) or, as the case may be, paragraph 47(2)(b)(i) of Schedule A1.”.

PART II

MODIFIED PROVISIONS OF SCHEDULE A1 TO THE ORDER

The following provisions of Schedule A1 to the Order are modified so as to read as follows:

“3.—(1) An insolvent partnership meets the requirements of this paragraph if the qualifying conditions are met –

- (a) in the year ending with the date of filing, or
- (b) in the tax year of the insolvent partnership which ended last before that date.

(2) For the purposes of sub-paragraph (1) the qualifying conditions are met by an insolvent partnership in a period if, in that period, it satisfies two or more of the requirements set out in sub paragraph (3).

(3) The qualifying conditions referred to in this paragraph are –

- (a) turnover of not more than £2.8 million,
- (b) assets of not more than £1.4 million, and
- (c) no more than 50 employees.

(4) For the purposes of sub-paragraph (3) –

- (a) the total of turnover is the amount which is or would be, as the case may be, entered as turnover in the partnership’s tax return,

(b) the total of assets is the amount which –

- (i) in the case of the period referred to in paragraph 3(1)(a), is entered in the partnership’s statement of affairs which must be filed with the High Court under paragraph 18(1)(b), or

- (ii) in the case of the period referred to in paragraph 3(1)(b), would be entered in the partnership’s statement of affairs had it prepared such a statement on the

last day of the period to which the amount for turnover is calculated for the purposes of paragraph 3(4)(a),

(c) the number of employees is the average number of persons employed by the insolvent partnership –

(i) in the case of the period referred to in paragraph 3(1)(a), in the period ending with the date of filing,

(ii) in the case of the period referred to in paragraph 3(1)(b), in the period to which the amount for turnover is calculated for the purposes of paragraph 3(4)(a).

(5) Where the period covered by the qualifying conditions in respect of the insolvent partnership is not a year the total of turnover referred to in paragraph 3(3)(a) shall be proportionately adjusted.

(6) The average number of persons employed by the insolvent partnership shall be calculated as follows –

(a) by ascertaining the number of persons employed by it under contracts of service for each month of the year (whether throughout the month or not),

(b) by adding those figures together, and

(c) by dividing the resulting figure by the number of months during which persons were so employed by it during the year.

(7) In this paragraph –

“tax return” means a return under section 12AA of the Taxes Management Act 1970(2),

“tax year” means the 12 months beginning with 6th April in any year.

4.—(1) An insolvent partnership is excluded from being eligible for a moratorium if, on the date of filing –

(a) an administration order is in force in relation to the insolvent partnership,

(b) the insolvent partnership is being wound up as an unregistered company,

(c) a voluntary arrangement has effect in relation to the insolvent partnership,

(d) there is a provisional liquidator of the insolvent partnership,

(e) a moratorium has been in force for the insolvent partnership at any time during the period of 12 months ending with the date of filing and –

(i) no voluntary arrangement had effect at the time at which the moratorium came to an end, or

(ii) a voluntary arrangement which had effect at any time in that period has come to an end prematurely,

(f) a voluntary arrangement in relation to the insolvent partnership which had effect in pursuance of a proposal under Article 14(3) has come to an end prematurely and, during the period of 12 months ending with the date of filing, an order under Article 18(3)(a) has been made, or

(g) an order has been made by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995.

(2) Sub-paragraph (1)(b) does not apply to an insolvent partnership which, by reason of a winding-up order made after the date of filing, is treated as being wound up on that date.

(2) 1970 c. 9; section 12AA was inserted by the Finance Act 1994 (c. 9) and was amended by the Finance Act 1995 (c. 4), the Finance Act 1996 (c. 8), the Finance Act 1998 (c. 36) and the Finance Act 2001 (c. 9)

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Effect on creditors, etc.

- 23.—(1) During the period for which a moratorium is in force for an insolvent partnership
- (a) no petition may be presented for the winding-up of the insolvent partnership as an unregistered company,
 - (b) no meeting of the members of the partnership may be called or requisitioned except with the consent of the nominee or the leave of the High Court and subject (where the Court gives leave) to such terms as the Court may impose,
 - (c) no order may be made for the winding-up of the insolvent partnership as an unregistered company,
 - (d) no petition for an administration order in relation to the insolvent partnership may be presented,
 - (e) no landlord or other person to whom rent is payable may exercise any rights of forfeiture by peaceable re-entry in relation to premises forming part of the partnership property or let to one or more officers of the partnership in their capacity as such in respect of a failure by the partnership or one or more officers of the partnership to comply with any term or condition of the tenancy of such premises, except with the leave of the High Court and subject to such terms as the Court may impose,
 - (f) no other steps may be taken to enforce any security over the partnership property, or to repossess goods in the possession, under any hire-purchase agreement, of one or more officers of the partnership in their capacity as such, except with the leave of the High Court and subject to such terms as the Court may impose,
 - (g) no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied, against the insolvent partnership or the partnership property except with the leave of the High Court and subject to such terms as the Court may impose,
 - (h) no petition may be presented, and no order may be made, by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995, and
 - (i) no application or order may be made under section 35 of the Partnership Act 1890(3) in respect of the insolvent partnership.

(2) Where a petition, other than an excepted petition, for the winding-up of the insolvent partnership has been presented before the beginning of the moratorium, Article 107 shall not apply in relation to any disposition of partnership property, any transfer of an interest in the insolvent partnership or alteration in status of a member of the partnership made during the moratorium or at a time mentioned in paragraph 47(5)(a).

(3) Paragraph (a) of sub-paragraph (1) does not apply to an excepted petition and, where such a petition has been presented before the beginning of the moratorium or is presented during the moratorium, paragraphs (b) and (c) of that sub-paragraph do not apply in relation to proceedings on the petition.

(4) For the purposes of this paragraph, “excepted petition” means a petition under –

- (a) Article 7(1) of the Insolvent Partnerships (Northern Ireland) Order 1995 presented by the Department on the grounds mentioned in sub-paragraphs (c), (cc), (d) and (e) of paragraph (1) of Article 104A,

(3) 1890 c. 39 (53 & 54 Vict) (section 35(a) was repealed by the Mental Health Act 1959 (c. 72), section 149(2) and Schedule 8)

- (b) section 367 of the Financial Services and Markets Act 2000(4) on the ground mentioned in subsection (3)(b) of that section.

Disposals and payments

29.—(1) Subject to sub-paragraph (2), the insolvent partnership may only dispose of any of its property if –

- (a) there are reasonable grounds for believing that the disposal will benefit the partnership, and
- (b) the disposal is approved by the committee established under paragraph 45(1) or, where there is no such committee, by the nominee.

(2) Sub-paragraph (1) does not apply to a disposal made in the ordinary way of the insolvent partnership's business.

(3) If the insolvent partnership makes a disposal in contravention of sub-paragraph (1) otherwise than in pursuance of an order of the High Court any officer of the insolvent partnership who authorised or permitted the contravention, without reasonable excuse, shall be guilty of an offence.

30.—(1) Subject to sub-paragraph (2), the insolvent partnership may only make any payment in respect of any debt or other liability of the insolvent partnership in existence before the beginning of the moratorium if –

- (a) there are reasonable grounds for believing that the payment will benefit the partnership, and
- (b) the payment is approved by the committee established under paragraph 45(1) or, where there is no such committee, by the nominee.

(2) Sub-paragraph (1) does not apply to a payment required by paragraph 31(5).

(3) If the insolvent partnership makes a payment in contravention of sub-paragraph (1) otherwise than in pursuance of an order of the High Court any officer of the insolvent partnership who authorised or permitted the contravention, without reasonable excuse, shall be guilty of an offence.

Disposal of charged property, etc

31.—(1) This paragraph applies where –

- (a) any partnership property of the insolvent partnership is subject to a security, or
- (b) any goods are in possession of one or more officers of the partnership in their capacity as such under a hire-purchase agreement.

(2) If the holder of the security consents, or the High Court gives leave, the insolvent partnership may dispose of the property as if it were not subject to the security.

(3) If the owner of the goods consents, or the High Court gives leave, the insolvent partnership may dispose of the goods as if all rights of the owner under the hire-purchase agreement were vested in the members of the partnership.

(4) Sub-paragraph (5) applies to the disposal under sub-paragraph (2) or (as the case may be) sub-paragraph (3) of –

- (a) any property subject to a security, or

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- (b) any goods in the possession of one or more officers of the partnership in their capacity as such under a hire-purchase agreement.
- (5) It shall be a condition of any consent or leave under sub-paragraph (2) or (as the case may be) sub-paragraph (3) that –
 - (a) the net proceeds of the disposal, and
 - (b) where those proceeds are less than such amount as may be agreed, or determined by the High Court, to be the net amount which would be realised on a sale of the property or goods in the open market by a willing vendor, such sums as may be required to make good the deficiency, shall be applied towards discharging the sums secured by the security or payable under the hire-purchase agreement.
- (6) Where a condition imposed in pursuance of sub-paragraph (5) relates to 2 or more securities, that condition requires –
 - (a) the net proceeds of the disposal, and
 - (b) where paragraph (b) of sub-paragraph (5) applies, the sums mentioned in that paragraph, to be applied towards discharging the sums secured by those securities in the order of their priorities.

Effect of approval of voluntary arrangement

- 47.—(1) This paragraph applies where a decision approving a voluntary arrangement has effect under paragraph 46.
- (2) The approved voluntary arrangement –
 - (a) takes effect as if made by the members of the partnership at the creditors' meeting, and
 - (b) binds every person who in accordance with the rules –
 - (i) was entitled to vote at that meeting (whether or not he was present or represented at it), or
 - (ii) would have been so entitled if he had had notice of it, as if he were a party to the voluntary arrangement.
 - (3) If –
 - (a) when the arrangement ceases to have effect any amount payable under the arrangement to a person bound by virtue of sub-paragraph (2)(b)(ii) has not been paid, and
 - (b) the arrangement did not come to an end prematurely,the insolvent partnership shall at that time become liable to pay to that person the amount payable under the arrangement.
 - (4) Where a petition for the winding-up of the insolvent partnership as an unregistered company or a petition by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995, other than an excepted petition within the meaning of paragraph 23, was presented before the beginning of the moratorium, the High Court shall dismiss the petition.
 - (5) The High Court shall not dismiss a petition under sub-paragraph (4) –
 - (a) at any time before the end of the period of 28 days beginning with the first day on which each of the reports of the meetings required by paragraph 40(3) has been made to the High Court, or

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- (b) at any time when an application under paragraph 48 or an appeal in respect of such an application is pending, or at any time in the period within which such an appeal may be brought.

Challenge of actions of officers of insolvent partnership

50.—(1) This paragraph applies in relation to acts or omissions of the officers of a partnership during a moratorium.

(2) A creditor or member of the insolvent partnership may apply to the High Court for an order under this paragraph on the ground –

- (a) that the partnership’s affairs and business and partnership property are being or have been managed by the officers of the partnership in a manner which is unfairly prejudicial to the interests of its creditors or members generally, or of some part of its creditors or members (including at least the petitioner), or
- (b) that any actual or proposed act or omission of the officers of the partnership is or would be so prejudicial.

(3) An application for an order under this paragraph may be made during or after the moratorium.

(4) On an application for an order under this paragraph the High Court may –

- (a) make such order as it thinks fit for giving relief in respect of the matters complained of,
- (b) adjourn the hearing conditionally or unconditionally, or
- (c) make an interim order or any other order that it thinks fit.

(5) An order under this paragraph may in particular –

- (a) regulate the management by the officers of the partnership of the partnership’s affairs and business and partnership property during the remainder of the moratorium,
- (b) require the officers of the partnership to refrain from doing or continuing an act complained of by the petitioner, or to do an act which the petitioner has complained they have omitted to do,
- (c) require the summoning of a meeting of creditors or members of the partnership for the purpose of considering such matters as the High Court may direct,
- (d) bring the moratorium to an end and make such consequential provision as the High Court thinks fit.

(6) In making an order under this paragraph the High Court shall have regard to the need to safeguard the interests of persons who have dealt with the insolvent partnership in good faith and for value.

(7) In relation to any time when an administration order is in force in relation to the insolvent partnership, or the insolvent partnership is being wound up as an unregistered company or an order by virtue of Article 11 of the Insolvent Partnerships Order (Northern Ireland) 1995 has been made, in pursuance of a petition presented before the moratorium came into force, no application for an order under this paragraph may be made by a creditor or member of the insolvent partnership; but such an application may be made instead by the administrator or (as the case may be) trustee or liquidator

52.—(1) If, for the purpose of obtaining a moratorium, or an extension of a moratorium, for an insolvent partnership or any of its members (a moratorium meaning in the case of an individual the effect of an application for, or the making of, an interim order under Part VIII of

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the Order), a person who is an officer of an insolvent partnership or an officer (which for this purpose includes a shadow director) of a corporate member in relation to which a voluntary arrangement is proposed –

- (a) makes any false representation, or
- (b) fraudulently does, or omits to do, anything,

he shall be guilty of an offence.

- (2) Sub-paragraph (1) applies even if no moratorium or extension is obtained.”.”