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STATUTORY INSTRUMENTS

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**1986 No. 1925**

**The Insolvency Rules 1986**

THE SECOND GROUP OF PARTS

PART 5

INDIVIDUAL VOLUNTARY ARRANGEMENTS

*SECTION A: THE DEBTOR'S PROPOSAL*

**Contents of proposal**

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

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

- (a) the following matters, so far as within the debtor's immediate knowledge—
  - (i) his assets, with an estimate of their respective values,
  - (ii) the extent (if any) to which the assets are charged in favour of creditors,
  - (iii) the extent (if any) to which particular assets are to be excluded from the voluntary arrangement;
- (b) particulars of any property, other than assets of the debtor himself, which is proposed to be included in the arrangement, the source of such property and the terms on which it is to be made available for inclusion;
- (c) the nature and amount of the debtor's liabilities (so far as within his immediate knowledge), the manner in which they are proposed to be met, modified, postponed or otherwise dealt with by means of the arrangement and (in particular)—
  - (i) how it is proposed to deal with preferential creditors (defined in section 258(7)) and creditors who are, or claim to be, secured,
  - (ii) how associates of the debtor (being creditors of his) are proposed to be treated under the arrangement, and
  - (iii) (Case 2 only) whether there are, to the debtor's knowledge, any circumstances giving rise to the possibility, in the event that he should be adjudged bankrupt, of claims under—
    - section 339 (transactions at an undervalue),
    - section 340 (preferences), or
    - section 343 (extortionate credit transactions),

and, where any such circumstances are present, whether, and if so how, it is proposed under the voluntary arrangement to make provision for wholly or partly indemnifying the insolvent estate in respect of such claims;

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