

## Rule 1.24

**The Insolvency Act 1986**  
**Report of Meetings**  
**Approving Voluntary Arrangement**  
**Pursuant to Section 4 of the**  
**Insolvency Act 1986**

# S.4

To the Registrar of Companies

For Official Use

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Company Number

4285157

Insert full name of  
company

Name of Company

**Greater London Kitchens Limited**

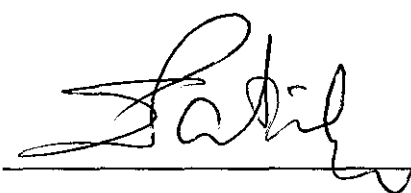
Insert full name and  
address

I, Simon G Paterson  
 Victory House  
 Admiralty Place  
 Chatham Maritime  
 Kent  
 ME4 4QU

Insert date

the chairman of meetings held in pursuance of Section 4 of the Insolvency Act 1986 on  
 1 March 2004 enclose a copy of my report of the said meetings.

Signed



Date

2 March 2004

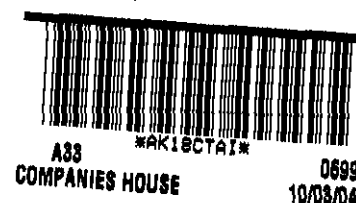
Presenter's name,  
address and reference  
(if any)

43506  
 Greater London Kitchens Limited  
  
 Simon G Paterson  
 Moore Stephens Corporate Recovery  
 Victory House  
 Admiralty Place  
 Chatham Maritime  
 Kent  
 ME4 4QU

For Official Use

Liquidation Section

Post Room



**IN THE MATTER OF GREATER LONDON KITCHENS LIMITED**

**AND**

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**AND**

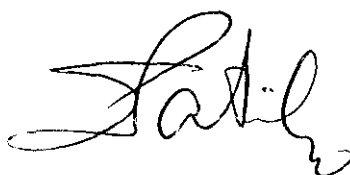
**IN THE MATTER OF THE INSOLVENCY RULES 1986**

**CHAIRMAN'S REPORT TO THE COURT OF THE MEETING  
OF CREDITORS OF THE COMPANY SUMMONED  
TO CONSIDER A PROPOSAL FOR A VOLUNTARY ARRANGEMENT**

I, Simon Geoffrey Paterson, of Moore Stephens, Victory House, Admiralty Place, Chatham Maritime, Kent, ME4 4QU, hereby report to the Court pursuant to Rule 1.24(1) of the Insolvency Rules 1986, as follows:-

1. At the Meetings of Creditors of the above named Company held on Monday 1 March 2004 at 10.00 a.m. at the Offices of Moore Stephens, 1 Snow Hill, London, EC1A 2EN, the Proposal was approved with modifications as per the attached schedule.
2. The Creditors present or represented, and qualified to vote at the Meeting and the manner in which votes were cast are shown in the attached schedule.

Dated this 1st day of March 2004



SIMON G PATERSON  
CHAIRMAN

## IN THE MATTER OF GREATER LONDON KITCHENS LIMITED

AND

## IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

## IN THE MATTER OF THE INSOLVENCY RULES 1986

**SCHEDULE OF CREDITORS PRESENT OR REPRESENTED AT THE  
CREDITORS' MEETING HELD ON MONDAY 1 MARCH 2004**

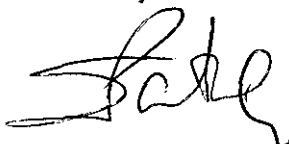
CREDITOR	ASSENTED	REJECTED
1st Business Systems Ltd	314	-
Artistic Signs	2,324	-
Atlantic Electric & Gas Ltd	7,405	-
Austin, James *	5,562	-
B D G Group Ltd	41,321	-
Baumatic	116,404	-
Biffa Waste Services Ltd	5,133	-
Blanco Ltd	6,496	-
BSH Home Appliances Ltd	24,693	-
Commissioners for Customs & Excise	225,173	-
Commissioners of Inland Revenue	165,743	-
D W S Advertising Ltd	440	-
Guthrie, Ann	5,119	-
Laird Security Hardware Ltd	1,524	-
Maytag Europe Ltd	27,168	-
Mereway Ltd	76,681	-
Office Depot International (UK) Ltd	691	-
Omnico Plastics	4,392	-
Powwow Ltd	225	-
R W Simon Ltd	311	-
Simon James	635	-
The Exhibition & Interiors Co Ltd	10,000	-
Unbloc Drainage Engineers Ltd	275	-
Yellow Pages	16,295	-
<b>Total</b>	<b>£744,324</b>	<b>£NIL</b>

\* Associated creditor

All of the above Creditors who were either present or represented voted for the approval of the Arrangement, with modifications, and pursuant to Rule 1.19(1) of the Insolvency Rules 1986 the Resolutions were passed.

There were no dissenters.

Dated this 1st day of March 2004



SIMON G PATERSON  
CHAIRMAN OF THE MEETING

# **GREATER LONDON KITCHENS LIMITED**

## **(Company Voluntary Arrangement)**

### **Medway County Court No. CVA3 of 2004**

#### **Modifications to Proposal**

1. **[Interpretation.]** Where a modification to the proposal is approved by creditors and accepted by the company, the entire proposal shall be construed in the light of the modification and read to give effect to that modification such that any contrary or potentially contrary provisions in the proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect.
2. **[Inland Revenue claim.]** The IR claim in the CVA will include PAYE/NIC due to the date of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration.]
3. **[Customs & Excise claim.]** The C&E claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration.]
4. **[Post approval returns and liabilities.]** All statutory returns and payments due to IR and C&E post approval shall be provided on or before the date they fall due.
5. **[Outstanding returns.]** All statutory accounts and returns overdue at the date of the creditors' meeting must be provided to IR and/or C&E **within 2 months** of the approval date together with any other information required.
6. **[Dividend prohibition.]** No non-preferential distribution will be made until: (i) a CTSA return has been filed for the accounting period ended on or immediately prior to the date of approval, or of commencement of the prior administration (ii) a VAT and/or other levy or duty return due to C&E has been filed up to the date of approval or [the date of commencement of the prior administration] or (iii) an IR Determination or a C&E assessment has been made and the Supervisor has admitted their final claims.
7. **[Expenses of arrangement.]** CTSA / VAT due on realisation of assets included in the arrangement will be regarded as an expense of realising the asset payable out of the net sale proceeds.
8. **[Tax overpayments.]** During the currency of the arrangement, any tax / excise / VAT repayments that relate to a period prior to the date of approval of the arrangement shall be offset rateably against the appropriate department's preferential and non-preferential claims in the arrangement. Any remaining surplus shall be similarly applied to the claims of other Government departments before being offered to the Supervisor for the benefit of the arrangement. Any repayments relating to a period after the approval of the arrangement shall be offset against any post approval tax debts. Any remaining surplus will then be treated as a windfall and offered to the Supervisor for the benefit of the arrangement.
9. **[Termination.]** The arrangement shall terminate upon:
  - (a) The making of a winding-up order against the company, or the passing of a winding-up resolution or the company going into administration.
  - (b) (where there is express authority for the Supervisor so doing) the Supervisor issuing a certificate of termination.

10. **[Liquidation costs provision.]** The Supervisor shall set aside at least the sum of £3,000.00 from future contributions to enable there to be sufficient funds for any pending winding-up proceedings against the company, and such funds will rank ahead of any other expenses of the arrangement.
11. **[Non-compliance.]** Failure to comply with any express term of the arrangement shall constitute a breach of the company's obligation under the arrangement. The Supervisor shall work with the company to remedy any breach of obligation. Rule 1.19 shall apply where any variation is proposed. But if any breach of obligation is not remedied **within 60 days** of its occurrence, this shall constitute default of the CVA that cannot be remedied and the Supervisor shall petition for a winding-up order.
12. **[Windfall.]** Should the company receive or become entitled to any assets/funds which have not been foreseen in the proposal, details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until costs, claims and statutory interest are paid in full, all the company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the company.
13. **[Annual review.]** The Supervisor is to conduct a full review every 12 months of the company's business income and expenditure and obtain an increase in voluntary contributions of not less than 50% of any rise in the net income after provision for tax.
14. **[Associated creditors.]** Associated creditors' claims shall be treated as deferred and only rank for dividend once all other unsecured claims have been satisfied.
15. **[Duration.]** The duration of the arrangement shall be extended to incorporate and ensure 60 monthly contributions.

**IN THE MATTER OF GREATER LONDON KITCHENS LIMITED**

**AND**

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**AND**

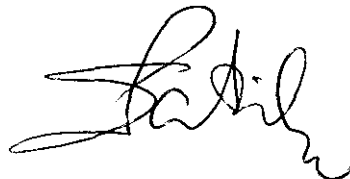
**IN THE MATTER OF THE INSOLVENCY RULES 1986**

**CHAIRMAN'S REPORT TO THE COURT OF THE MEETING  
OF MEMBERS OF THE COMPANY SUMMONED  
TO CONSIDER A PROPOSAL FOR A VOLUNTARY ARRANGEMENT**

I, Simon Geoffrey Paterson, of Moore Stephens, Victory House, Admiralty Place, Chatham Maritime, Kent, ME4 4QU, hereby report to the Court pursuant to Rule 1.24(1) of the Insolvency Rules 1986, as follows:-

1. At the Meetings of Members of the Company held on Monday 1 March 2004 at 12.00 noon at the Offices of Moore Stephens, 1 Snow Hill, London, EC1A 2EN, the Proposal was approved with modifications as per the attached schedule.
2. The Members present or represented, and qualified to vote at the Meeting and the manner in which votes were cast are shown in the attached schedules.

Dated this 1st day of March 2004



SIMON G PATERSON  
CHAIRMAN

**IN THE MATTER OF GREATER LONDON KITCHENS LIMITED**

**AND**

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**AND**

**IN THE MATTER OF THE INSOLVENCY RULES 1986**

**SCHEDULE OF MEMBERS PRESENT OR REPRESENTED AT THE  
MEMBERS' MEETING HELD ON MONDAY 1 MARCH 2004**

<b>MEMBER</b>	<b>ASSENTED</b>	<b>REJECTED</b>
Austin, James Robert	4,144	-
Harding, Stephen Frank	4,144	-
Joyce, Marie	2,231	-
Paines, Andrew	2,231	-

The above Shareholders represent 85% of the company's paid up share capital.

The Official Receiver in Bankruptcy for Derek Zwirn confirmed that he would not be present or represented.

All of the Shareholders present voted for approval of the Arrangement, with modifications, and pursuant to Rule 1.19(2) of the Insolvency Rules 1986 the Resolutions were passed.

There were no dissenters.

Dated this 1st day of March 2004



**SIMON G PATERSON**  
**CHAIRMAN OF THE MEETING**

# **GREATER LONDON KITCHENS LIMITED**

## **(Company Voluntary Arrangement)**

### **Medway County Court No. CVA3 of 2004**

#### **Modifications to Proposal**

1. **[Interpretation.]** Where a modification to the proposal is approved by creditors and accepted by the company, the entire proposal shall be construed in the light of the modification and read to give effect to that modification such that any contrary or potentially contrary provisions in the proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect.
2. **[Inland Revenue claim.]** The IR claim in the CVA will include PAYE/NIC due to the date of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration.]
3. **[Customs & Excise claim.]** The C&E claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration.]
4. **[Post approval returns and liabilities.]** All statutory returns and payments due to IR and C&E post approval shall be provided on or before the date they fall due.
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9. **[Termination.]** The arrangement shall terminate upon:
  - (a) The making of a winding-up order against the company, or the passing of a winding-up resolution or the company going into administration.
  - (b) (where there is express authority for the Supervisor so doing) the Supervisor issuing a certificate of termination.



10. **[Liquidation costs provision.]** The Supervisor shall set aside at least the sum of £3,000.00 from future contributions to enable there to be sufficient funds for any patenting winding-up proceedings against the company, and such funds will rank ahead of any other expenses of the arrangement.
11. **[Non-compliance.]** Failure to comply with any express term of the arrangement shall constitute a breach of the company's obligation under the arrangement. The Supervisor shall work with the company to remedy any breach of obligation. Rule 1.19 shall apply where any variation is proposed. But if any breach of obligation is not remedied **within 60 days** of its occurrence, this shall constitute default of the CVA that cannot be remedied and the Supervisor shall petition for a winding-up order.
12. **[Windfall.]** Should the company receive or become entitled to any assets/funds which have not been foreseen in the proposal, details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until costs, claims and statutory interest are paid in full, all the company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the company.
13. **[Annual review.]** The Supervisor is to conduct a full review every 12 months of the company's business income and expenditure and obtain an increase in voluntary contributions of not less than 50% of any rise in the net income after provision for tax.
14. **[Associated creditors.]** Associated creditors' claims shall be treated as deferred and only rank for dividend once all other unsecured claims have been satisfied.
15. **[Duration.]** The duration of the arrangement shall be extended to incorporate and ensure 60 monthly contributions.

IN THE MATTER OF  
THE INSOLVENCY ACT 1986

- AND -

**GREATER LONDON KITCHENS LIMITED**

**PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT  
UNDER PART I OF THE INSOLVENCY ACT 1986**

**1. INTRODUCTION**

- 1.1 The Board of Directors of Greater London Kitchens Limited ("the company") is aware that the company is insolvent and that, having taken advice from the Intended Nominee, has taken steps to remedy the situation.
- 1.2 A Statement of Affairs as at 31 January 2004 is attached at Appendix No. 1.
- 1.3 The options available to the company are:-
- (a) Pass an Extraordinary Resolution to Wind-Up, or present a Petition for the Compulsory Winding-Up of the company;
  - (b) Seek an Administration Order under Section 8 of The Insolvency Act 1986 ("the Act"); and
  - (c) Seek the approval of creditors to a Company Voluntary Arrangement ("CVA").
- 1.4 In the event that the company proceeds into either Compulsory Liquidation or a Creditors' Voluntary Liquidation, the Board of Directors believe that a significantly reduced dividend would be available to the non-preferential creditors, and therefore do not recommend option (a) above. They believe that the costs of applying for and then trading through the process of Administration would outweigh the benefits and therefore do not recommend option (b) above.
- 1.5 The Directors are of the opinion that the advantage of a CVA is that dividend prospects to non-preferential creditors will be significantly enhanced from the payment of contributions from ongoing profits under a CVA than would otherwise be achieved by asset realisations in Liquidation, and a reduction in costs under a CVA than would otherwise be incurred under either Liquidation or Administration.

## 2. DIRECTORS' STATEMENT OF EVENTS LEADING TO CVA PROPOSAL

2.1 The company was incorporated on 11 September 2001 (Certificate No. 4285157), and commenced trading on 1 July 2002 as a management company, and on 27 September 2002 as suppliers of home improvement products.

2.2 The Directors of the company since incorporation have been as follows:

Name	Appointed	Resigned
Bloomsbury Directors Ltd	11.09.01	14.09.01
James Robert Austin	14.09.01	
Marie Joyce	14.09.01	
Stephen Frank Harding	12.09.02	
Andrew Paines	12.09.02	

2.3 The Secretary of the company on incorporation was the formation agent, Bloomsbury Secretaries Limited who resigned on 14 September 2001, to be replaced by Marie Joyce.

2.4 The company's Registered Office was latterly situate at 1, Old Oak Lane, London, NW10 6UD, until it was changed for the purposes of this Proposal to the Offices of Moore Stephens, Victory House, Admiralty Place, Chatham Maritime, Kent, ME4 4QU on 21 January 2004.

2.5 The Nominal Share Capital of the company was £10,000 divided into 10,000 Ordinary Shares of £1 each. On 3 June 2003 a Special Resolution was passed to increase the Nominal Share Capital to £100,000 by the creation of 90,000 Ordinary Shares of £1 each ranking *pari passu* with existing shares. 15,000 shares have now been issued and are held as follows:

Name	Holding
James Robert Austin	4,144
Stephen Frank Harding	4,144
Andrew Paines	2,231
Marie Joyce	2,231
Official Receiver in Bankruptcy	2,250
	15,000

2.6 The company was promoted on the 11 September 2001 but remained dormant until 1 July 2002 when it commenced to trade as a management company, but on 27 September 2002 it acquired the business of J & D Zwirn trading as Greater London Kitchens and Greater London Windows which was in financial difficulty. That business operated from a leasehold showroom and office at 1 Old Oak Lane, Acton, London, NW10 and a leasehold showroom in Golders Green. In addition it had showrooms within Sainsbury's stores in Merton SW19, North Cheam and Sydenham SE26.

2.7 The Directors were aware that the previous business had been trading at a loss, and began a series of cost-cutting measures and a rationalisation plan whereby the Golders Green showroom would be closed, excess stock reduced and new showrooms were to be opened within Sainsbury's and Savacentres at Basildon, Beckton E6, Enfield and Hendon NW9. The services of the former Chief Executive of the previous business, Derek Zwirn was terminated, and although this had a significant positive effect on the financial control of the company, it caused considerable problems for the business when adverse, but unfounded, comments were made to suppliers and staff. Much management time was wasted in fending off these verbal attacks, which detracted from the immediate problems of restructuring the business that had been acquired.

- 2.8 The company had high fixed overheads, including operating its own warehouse and a transport and distribution service. The latter was proving uneconomic, and was outsourced from December 2003.
- 2.9 Business is generated from exhibiting at the Ideal Home Exhibition, from the various showrooms, local newspapers, display advertisements in Yellow Pages and Thomsons, and from its own website. The company had invested heavily in the internet and also in a computer accounts package, which proved to be unreliable.
- 2.10 Apart from the sale and supply of kitchen appliances, the company also undertook the installation of windows and conservatories, but the return on investment for this part of the business was deemed to be insufficient, and the decision was taken to substantially wind down this division.
- 2.11 The Spring 2003 Ideal Home Exhibition, into which a substantial proportion of the company's main marketing budget for the year was invested, proved to be disappointing because members of the public were deterred by the events taking place in Iraq. Although substantial leads were generated, it was generally felt that had there not been these external factors, orders would have provided the company with much greater sales, at little marginal cost.
- 2.12 Traditionally the Ideal Home Exhibition is held in Spring, but in 2003 there was a second show in October, and the Directors decided that it would be beneficial to be represented there. However, with hindsight, the stand was too expensive for the level of leads generated, but since the event needed to be booked months in advance, it was not possible to avoid the costs. The Directors have concluded that the same level of business could be generated from a smaller exhibition stand, and accordingly plans have already been effected to have a smaller stand in October 2004 and March 2005.
- 2.13 On 22 June 2003 the company suffered a major set back when two 20" water mains burst immediately outside of the main showroom in Acton. Its car park was flooded as was the adjoining railway lines. Although Thames Water succeeded in pumping out the flood water and stemmed the outflow, their request to Rail Track to re-lay new mains under the railway track was refused. This forced Thames Water to find a new route for the mains, which culminated in them digging a very deep trench along the frontage of the main showroom in the road. This not only caused considerable traffic congestion in the area with single alternate lane lights, but also obstructed pedestrian access along the pavement. The disruption caused by these long term works directly resulted in people avoiding the area and a significant downturn in business.
- 2.14 Thames Water has confirmed that the problem will not be resolved fully for another eight months. They have now accepted that the subject company has suffered a loss from the business being interrupted. Liability has been admitted for the period 27 June 2003 to 29 February 2004, but quantum is yet to be agreed. The Directors have calculated that the loss of business caused as a direct result of these works has deprived the company of a gross profit of £293,000 for the period from 27 June 2003 to 31 December 2003. Assuming that the claim for the month of January 2004 will be a similar level to each of the previous six months the gross claim approximates £341,000.
- 2.15 The impact caused by the loss of customers had a knock on effect on the company's cash flow and it fell into arrears with its suppliers and payment to the Crown. Despite strenuous efforts by the Directors to obtain a settlement from Thames Water, or at least a payment on account, no offer was forthcoming and indeed full liability has only just been admitted. Had payment been made earlier, the company would have been able to bring its creditors under control and have sufficient cash flow to enable trading to continue through the traditionally "slow" months of December, January and February.
- 2.16 Instead, the Directors find themselves in the position that despite their successful efforts in rationalising the business to ensure that it can trade profitably in the future, its working capital is

exhausted, and without some form of protection from the creditors, it will be unable to continue trading and satisfy its existing order book.

### 3. PRESENT FINANCIAL INFORMATION

- 3.1 The company filed dormant accounts for the first period to 30 June 2002. Draft management accounts have been produced for the year ended 30 June 2003, and extracts from these reveal the following:-

Year Ended	Turnover £	Gross Margin £	Directors' Emoluments £	Net Loss £	Dividend £	Retained Reserves £
30.06.03	4,134,611	1,387,660	169,529	716,242	0	(716,242)

- 3.2 The company is insolvent, both on a Balance Sheet basis and in as much as it is unable to pay its debts as and when they fall due.
- 3.3 The Statement of Affairs as at 31 January 2004, attached at Appendix No. 1, reveals a deficiency as regards creditors on a going concern basis of £679,259 and on a cessation basis of £1,491,285. A comparison between a CVA and a Liquidation is attached at Appendix No. 2. This shows that in a Liquidation scenario, the non-preferential creditors would receive only a very small dividend, compared to a dividend of approximately 37p in the £ in the CVA.

### 4. PROPOSED VOLUNTARY ARRANGEMENT

The matters referred to in Rule 1.3(2) of the Insolvency Rules 1986 are dealt with as follows:

- 4.1 The main essence of this Proposal is that the company continues to trade, making available monthly contributions which are passed to the Supervisor for distribution to Creditors. In addition the company will release 75% of the receipts from the claim for business interruption against Thames Water for the period 27 June 2003 to 31 January 2004 when these are released; the balance of those monies to be paid to the Supervisor by 30 June 2004.
- 4.2 Under the proposed CVA, the company will make available through the Supervisor 50% of its net profit (excluding any recoveries from Thames Water referred to in 4.1 above) after taxation and extraordinary and exceptional items, as per the company's audited accounts. Such sums are not to be less than a total of £180,000 payable at the rate of £5,000 per calendar month commencing June 2004. An initial three month contribution holiday is needed in order to enhance the cash flow on the basis that the company's ability to obtain supplies on credit during the CVA is likely to be more restricted. The dates for the submission of accounts to the Supervisor and the dates of any excess payments over and above the minimum contributions are set out in Appendix 3. Apart from the claim against Thames Water, no further company assets nor any third party assets will be made available through the CVA.
- 4.3 The Company intends to exclude from the Arrangement all of its assets, which are required for the purpose of continued business, but excluding the claim against Thames Water referred to in 4.1 above. The level of contributions that will be made throughout the term of the CVA will more than recompense the creditors for the value of the excluded assets. In any event, should the company be placed into liquidation, these excluded assets would have a poor realisable value.
- 4.4 Attached as Appendix 4 is a cashflow forecast and projected profit & loss account and balance sheet for the year ended 31 January 2005, which show the proposed level of contributions can be discharged from ongoing cashflow.

4.5 The Directors have discussed the proposed CVA with the company's key suppliers who have indicated that they would continue to trade, on terms to be agreed, with the company if it enters into such an Arrangement. The Crown has also been kept informed as to the situation.

4.6 It is proposed that the Company's creditors be dealt with in the following manner and in the following order:-

(a) Secured Claims

Any creditors who hold security in the form of a legal mortgage or a debenture granting fixed and floating charges over the assets of the Company will be paid in accordance with the terms of the mortgage or debenture in priority to other creditors. All rights under the terms of the mortgage or debenture will remain available to the secured creditors.

(b) Preferential Creditors

The claims of preferential creditors, as defined in Section 4(7) of the Insolvency Act 1986 (as amended by The Enterprise Act 2000) will be discharged in priority to the claims of non-preferential creditors, after any Crown right of set-off has been invoked. There is unlikely to be any preferential debts in the CVA.

(c) Non-Preferential Creditors

Dividends will only be paid to creditors who have proved their debt in accordance with paragraph 5.2 below. Such dividends will be paid from the funds coming into the hands of the Supervisor, on such terms as to the amount and timing as the Supervisor thinks fit. In this respect he will have regard to the level of funds in his possession and the extent to which the claims of the non-preferential creditors have been agreed. A schedule of such claims is set out in Appendix No. 5.

(d) Execution Creditors

Where an execution has not completed by sale, the Sheriff or Bailiffs costs shall be treated as secured, but otherwise, execution creditors shall rank with unsecured creditors as they would in liquidation.

(e) Distrainors

Distress by a landlord, the Inland Revenue and HM Customs & Excise does not constitute security and in certain circumstances distrainors rank after preferential creditors in certain liquidations. Therefore distrainors whose distress has not completed by sale shall rank with unsecured creditors.

(f) Connected Persons

James Austin is a creditor for £5,562 in respect of an unsecured loan to the company. He is an associated creditor within the meaning of Section 435 of the Insolvency Act 1986. In the event of the Company Voluntary Arrangement being accepted, Mr Austin will convert this sum into share capital and therefore it will not rank for dividend purposes.

- 4.7 To the directors' best knowledge and belief, there are no circumstances giving rise to the possibility, in a liquidation, of any claims under the following Sections of the Act:-

Section 238 (Transactions at an Undervalue)  
Section 239 (Preferences)  
Section 244 (Extortionate Credit Transactions)  
Section 245 (Avoidance of Floating Charges)

- 4.8 The Company current has no overdraft facilities with its bankers and no guarantees have been given to any creditor.
- 4.7 The duration of the CVA will be 36 months, plus any additional period required by the Supervisor to make a distribution to creditors and finish all administration matters.
- 4.8 It is proposed that any preferential creditors will be discharged in full and that a first dividend to non-preferential creditors be paid within 12 months of approval, provided that claims have been submitted in accordance with Section 5.2 below. A second dividend will be paid after 24 months, and the third and final dividend will be paid on termination of the CVA.
- 4.9 For the purpose of considering this Proposal, the Nominee is Simon Geoffrey Paterson FIPA of Moore Stephens, Victory House, Admiralty Place, Chatham Maritime, Kent, ME4 4QU. The Nominee's fee is £8,500 plus VAT and out of pocket expenses.
- 4.10 It is proposed that the Supervisor's remuneration will be calculated on the basis of time spent in this administration and is expected to be in the region of £30,000 over the course of the whole CVA. He will also be reimbursed for his incidental expenses including category 2 disbursements as defined by the Statement of Insolvency Practice No. 9, and be empowered to appoint solicitors and agents to assist him as he sees fit. He shall discharge his fees and disbursements, and the fees of such solicitors and agents, in priority to all other claims from the funds paid to him by the Company.
- 4.11 No guarantees are being offered by the directors or any other person for the purposes of the CVA in respect of the company's commitment to make the agreed contributions.
- 4.12 Funds received by the Supervisor will be held on an account opened specifically for the purpose of the CVA, in the Supervisor's name. These funds will be placed on interest bearing deposit for the benefit of the general body of creditors, consistent with the ongoing use of funds to pay costs as they arise.
- 4.13 Any unclaimed dividends arising under the scheme will be returned to the Company unless they exceed £500, whereat they will be distributed amongst the remaining creditors until such time as 100p in the £ has been paid. Any surplus arising under the scheme will be returnable to the Company.
- 4.14 The Company will continue trading, but the Supervisor will not take part in the management of the Company, nor will he in any way be responsible for the actions of the Directors. In all respects the Supervisor will act only as agent of the Company, and under no circumstances will he or his staff or agents incur personal liability with regard to his actions.
- 4.15 No credit facilities will be sought by the Supervisor through the CVA, but the company reserves the right to seek credit in the course of its normal trading activities, which will be discharged from future income.

4.16 It is proposed that the Supervisor of the CVA shall:-

- (i) Supervise the realisation of the voluntary contributions;
- (ii) Agree the amounts due to the creditors. If the Supervisor decides agreement is not possible, he may adjudicate any claim, and his decision shall be final and binding on all parties to this CVA. Creditors must bear their own costs of proving and meet the Supervisor's costs if directions become necessary;
- (iii) Distribute the funds held for the purpose of this CVA by applying the same in the following order of priority:
  - a) Firstly, in payment of the costs of preparing the Company's Proposal and Statement of Affairs, including, *inter alia*, the professional costs of Moore Stephens and any Solicitors so instructed;
  - b) Secondly, in payment of all of the costs and expenses of the Nominee;
  - c) Thirdly, in payment of the costs and expenses of the Supervisor and the Supervisor's remuneration;
  - d) Fourthly, in payment of any charge to tax arising as a consequence of the sale of the assets comprised in the CVA;
  - e) Fifthly, in payment of the preferential debts;
  - f) Sixthly, in payment of the non-preferential debts; and
  - g) Lastly, in payment of any surplus funds to the Company.
- (iv) Be authorised to pay from the funds under his control when he sees fit:
  - a) His own fees and disbursements for acting as Nominee and Supervisor;
  - b) Any expenses properly incurred by him in connection with this CVA, including without prejudice to the generality of the foregoing:
    - 1. The fees of any Solicitors appointed to assist, act for or advise the Company, its directors, the Nominee or Supervisor in connection with, *inter alia*, the preparation of the CVA; the realisations of the Company's assets; the agreement of the Company's claims and the determination of any matters arising which in any way concern implementation, operation or conclusion of the CVA, including their disbursements;
    - 2. The fees of any valuers or agents retained by the Company, Nominee or Supervisor to value or dispose of any of the assets comprised within the Proposal or assigned to the Supervisor, or held by the Company on trust for the purposes of this CVA; and
    - 3. Necessary payments to secured creditors and dividends to unsecured creditors.



- 4.17 The Supervisor of the CVA shall be Simon G Paterson, FIPA, of Moore Stephens, Corporate Recovery, Victory House, Admiralty Place, Chatham Maritime, Kent, ME4 4QU, and as far as the Directors are aware he is qualified to act as an Insolvency Practitioner in relation to the Company, and has consented to such an appointment.

## 5. ADMINISTRATIVE MATTERS

- 5.1 The CVA will take effect from the date on which the creditors approve the Proposal, and will bind all creditors whether or not they have received notice of the meeting and have voted at the meeting.
- 5.2 All creditors must complete the Statement of Claim Form which will be issued by the Supervisor, and provide evidence in support of their claims. These forms must be returned to the Supervisor **within 56 days** of approval of the CVA, failing which any claims not submitted will be expunged, and the creditors concerned will have no right to claim against the Company. In special circumstances, the Supervisor has the power to allow the late admission of claims, where the creditor submits good reason for such delay.
- 5.3 The Supervisor will at all times act as agent of the Company, and without personal liability.
- 5.4 The Company will recover input VAT on the Nominee's and Supervisor's fees and expenses as part of its normal VAT accounting, and the full amount of the VAT will be paid to the Supervisor within one month of the end of the relevant VAT quarter.
- 5.5 If any funds realised are not passed to the Supervisor within 14 days of cleared receipt, then the terms of the CVA will have been materially breached. The Supervisor may then report this position to the creditors' committee or, in the absence of a committee, to the creditors. He may decide the CVA has failed. In this situation, the Supervisor is empowered to use funds in his possession to petition for the winding-up of the Company.
- 5.6 The Company and its Officers will ensure that accounts and corporation tax returns, P35's and VAT returns are prepared within the respective statutory time scales, and will provide copies to the Supervisor, ensuring that any future tax liabilities are paid on their due dates. The Company and its accountants will continue to deal with all taxation matters relating to the Company. The Supervisor will not, under any circumstances, be responsible for compliance with the above. However, if requested, he will make available any accounting records relating to the CVA to enable the Company and its directors to comply with their statutory duties.
- 5.7 No interest will be payable to any class of unsecured creditor under the terms of this Proposal. Where the terms of this Proposal have been complied with, and the final distribution to creditors represents less than 100p in the £, all creditors concerned would be deemed to have written off the balance due, and will have no further claim against the Company in respect of these debts.
- 5.8 Should the Supervisor form the opinion that any obligation or term of this Proposal has not been complied with, then he should report this breach to the creditors' committee or, in the absence of such a committee, to the creditors. The Supervisor is empowered to petition for the winding-up of the Company on behalf of all creditors.
- 5.9 Should it be brought to the attention of the Supervisor that there are valid claims from creditors not identified in this Proposal, they will be included in the scheme, to rank *pari passu* with other creditors of the same class.
- 5.10 Any supplier wishing to claim retention of title must satisfy the Supervisor that the claim is valid under English Law.

- 5.11 All claims from creditors relating to goods or services supplied to the Company, or any obligations or other transactions arising prior to receiving approval of creditors to this Proposal, will rank as claims in the CVA, and will be dealt with in the manner identified herein. In dealing with the claims of creditors and payment of dividends thereon, the Supervisor shall have regard to the rules contained in Part IV of The Insolvency Rules 1986, which would otherwise apply in the event of winding-up of the Company.
- 5.12 The appointment of members of a creditors' committee, which will represent all creditors, will be voted upon at the meeting of creditors. The purpose of such a committee is to provide such assistance to the Supervisor as he may require. If a creditors' committee is not formed, then the Supervisor may refer any matters to a meeting of creditors. If the Supervisor invites a vote, it shall be decided by a simple majority of value of those present and voting in person or by proxy. Such a "meeting" may be dealt with by post.
- 5.13 This CVA Proposal should be read in conjunction with the Standard Terms and Conditions attached.

## **6. OTHER MATTERS**

- 6.1 The Insolvency Rules require the Directors to deal with certain other matters within this Proposal. These are as follows:

- (i) The Directors have not been disqualified from taking part in the management of any Company.
- (ii) It is considered that EC Regulation on Insolvency Proceedings 2000 will apply, and that these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation.
- (iii) Where a modification to the Proposal is approved by the creditors and members, the entire Proposal shall be construed in the light of the modification, such that any contrary or potentially contrary provisions in the Proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect.
- (iv) We declare that to the best of our knowledge and belief the contents of this Proposal, which has been read by us, is correct. The Proposal binds all of the Directors, including any that may subsequently be appointed during the period of the CVA.
- (v) Our attention has been drawn to Schedule 2, Part 1, Section 8 of the Insolvency Act 2000 (which amends The Insolvency Act 1986), and which states that:

### **"6A False representations, etc**

**6A(1)** If, for the purpose of obtaining the approval of the members or creditors of a Company to a proposal for a voluntary arrangement, a person who is an officer of the Company -

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

he commits an offence.

**6A(2)** Subsection (1) applies even if the proposal is not approved.

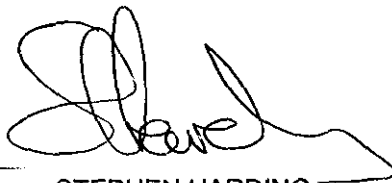
**6A(3)** For the purposes of this section "officer" includes a shadow director.

6A(4) A person found guilty of an offence under this section is liable to imprisonment or a fine, or both."

Dated this 12th day of February 2004



JAMES AUSTIN  
DIRECTOR



STEPHEN HARDING  
DIRECTOR



ANDREW PAINES  
DIRECTOR



MARIE JOYCE  
DIRECTOR

**GREATER LONDON KITCHENS LIMITED**  
**STATEMENT OF AFFAIRS AS AT 1 FEBRUARY 2004**

	<u>Going Concern</u>	<u>Cessation</u>
<u>ASSETS</u>		
Computer Equipment	10,520	2,140
Fixtures & Fittings	8,909	2,000
Motor Vehicles	5,990	4,000
Showroom Improvements	24,422	0
Stock	176,901	79,230
Debtors	47,521	26,000
Ideal Home Show Stand	114,538	0
Prepayments	224,429	5,000
Cash at Bank	1,957	1,957
Thames Water	200,000	75,000
	<u>815,187</u>	<u>195,327</u>
<u>PREFERENTIAL CREDITORS</u>		
Employee claims	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
<u>SURPLUS AS REGARDS PREFERENTIAL CREDITORS</u>	815,187	195,327
<u>NON PREFERENTIAL CREDITORS</u>		
Trade Creditors	531,325	531,325
Inland Revenue	165,743	165,743
HM Customs & Excise	225,173	225,173
Director's Loan	5,562	5,562
Customer Deposits	529,598	529,598
Employees	0	192,166
Accruals	37,045	37,045
	<u>1,494,446</u>	<u>1,686,612</u>
<u>Deficiency as Regards Non-Preferential Creditors</u>	(679,259)	(1,491,285)
Share Capital	<u>15,000</u>	<u>15,000</u>
<u>Deficiency as Regards Members</u>	<u>£(694,259)</u>	<u>£(1,506,285)</u>

## GREATER LONDON KITCHENS

## COMPARISON OF LIQUIDATION AND PROPOSED CVA

	<u>Liquidation</u>	<u>CVA</u>
<u>ASSETS</u>		
Computer Equipment	2,140	Excluded
Fixtures & Fittings	2,000	Excluded
Motor Vehicles	4,000	Excluded
Showroom Improvements	0	Excluded
Stock	79,230	Excluded
Debtors	26,000	Excluded
Ideal Home Show Stand	0	Excluded
Prepayments	5,000	Excluded
Cash at Bank	1,957	Excluded
Thames Water	75,000	200,000
Contributions	0	180,000
	<u>195,327</u>	<u>380,000</u>
<u>COSTS AND EXPENSES</u>		
Petition Costs	1,800	0
Ad Valorem Fee	29,299	0
Liquidator's Fee (say)	50,000	0
Disbursements inc. Agents (say)	20,000	2,000
Nominee's Fee	0	8,500
Supervisor's Fee	0	30,000
	<u>101,099</u>	<u>40,500</u>
	94,228	339,500
<u>PREFERENTIAL CREDITORS</u>		
Employees	0	0
<u>Surplus as Regards Preferential Creditors</u>	<u>94,228</u>	<u>339,500</u>
<u>NON PREFERENTIAL CREDITORS</u>		
Trade Creditors	531,325	531,325
Inland Revenue	165,743	165,743
HM Customs & Excise	225,173	225,173
Director's Loan	5,562	0
Customer Deposits	529,598	0
Employees	192,166	0
Accruals	37,045	0
	<u>1,686,612</u>	<u>922,241</u>
<u>Deficiency as Regards Non-Preferential Creditors</u>	<u>(1,592,384)</u>	<u>(582,741)</u>
Share Capital	15,000	15,000
<u>Deficiency as Regards Members</u>	<u>£(1,607,384)</u>	<u>£(597,741)</u>
<u>Dividend Prospects (p in £)</u>		
Preferential Creditors	100	100
Non-Preferential Creditors	6	37

DEFINITIONS RE CALCULATION OF PROFITS

Accounting Period

The Directors will prepare accounts in statutory format for the years ended 30 June 2004, 2005 and 2006.

Delivery Date

The Directors will be responsible for ensuring that the accounts referred to above will be delivered to the Supervisor within four months of each year end.

Net Profit

The net profit for any financial year will be "the profit or loss in the financial year" as shown in format 1 or 2 of Schedule 4 of The Companies Act 1985. The company has offered to make available 50% thereof.

Directors' Remuneration

In calculating the net profit, the Directors' remuneration, excluding employer's National Insurance, will not exceed £240,000 per annum for the duration of the Arrangement.

Excess Profits

Any profit that is due to the Supervisor over and above the minimum £5,000 per calendar month will be paid in the following manner:

For the financial year ended 30 June 2004, the excess profit will be paid by 12 equal monthly instalments commencing 1 November 2004.

For the financial year ended 30 June 2005, the excess profit will be paid by 12 equal monthly instalments commencing 1 November 2005.

For the financial year ended 30 June 2006, the excess profit will be paid by 5 equal monthly instalments on 1 November 2006, 1 December 2006, 1 January 2007, 1 February 2007 and 28 February 2007.

FINANCIAL STATEMENTS

1. Budgeted Cashflow for the 12 months ending 31 January 2005.
2. Budgeted Balance Sheet for the 12 months ending 31 January 2005.
3. Budgeted Profit & Loss Account for the 12 months ending 31 January 2005.

GREATER LONDON KITCHENS LIMITED  
BUDGETED PROFIT AND LOSS ACCOUNT FOR THE 12 MONTHS ENDING 31 JANUARY 2005

	Feb £'000	March £'000	April £'000	May £'000	June £'000	July £'000	August £'000	September £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Total £'000
<b>Sales</b>													
Kitchen furniture	350.0	315.0	595.0	630.0	385.0	350.0	315.0	280.0	280.0	490.0	350.0	280.0	4,620.0
Appliances with kitchen	150.0	135.0	255.0	270.0	165.0	150.0	135.0	120.0	120.0	210.0	150.0	120.0	1,980.0
	500.0	450.0	850.0	900.0	550.0	500.0	450.0	400.0	400.0	700.0	500.0	400.0	6,600.0
Appliances only	110.0	90.0	190.0	190.0	90.0	90.0	70.0	70.0	80.0	90.0	90.0	100.0	1,260.0
Windows and conservatories	50.0	50.0	60.0	100.0	100.0	60.0	40.0	40.0	40.0	40.0	40.0	30.0	650.0
Other income	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	18.0
	661.5	591.5	1,101.5	1,191.5	741.5	651.5	561.5	511.5	521.5	831.5	631.5	531.5	8,528.0
<b>Cost of sales</b>													
Kitchen furniture	199.5	179.6	339.2	359.1	219.5	199.5	179.6	159.6	159.6	279.3	199.5	159.6	2,633.4
Appliances with kitchen	112.5	101.3	191.3	202.5	123.8	112.5	101.3	90.0	90.0	157.5	112.5	90.0	1,485.0
Appliances only	93.5	76.5	161.5	161.5	76.5	76.5	59.5	59.5	68.0	76.5	76.5	85.0	1,071.0
Windows and conservatories	30.0	30.0	36.0	60.0	60.0	36.0	24.0	24.0	24.0	24.0	24.0	18.0	390.0
	435.5	387.3	727.9	783.1	479.7	424.5	364.3	333.1	341.6	537.3	412.5	352.6	5,579.4
<b>Gross profit</b>													
Kitchen furniture	150.5	135.5	255.9	270.9	165.6	150.5	135.5	120.4	120.4	210.7	150.5	120.4	1,986.6
Appliances with kitchen	37.5	33.8	63.8	67.5	41.3	37.5	33.8	30.0	30.0	52.5	37.5	30.0	495.0
Appliances only	16.5	13.5	28.5	28.5	13.5	13.5	10.5	10.5	12.0	13.5	13.5	15.0	189.0
Windows and conservatories	20.0	20.0	24.0	40.0	40.0	24.0	16.0	16.0	16.0	16.0	16.0	12.0	260.0
Other income	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	18.0
	226.0	204.2	373.6	408.4	261.8	227.0	197.2	178.4	179.9	294.2	219.0	178.9	2,948.6
<b>Overheads</b>													
Warehouse & delivery	34.3	32.4	48.4	50.3	36.4	34.4	32.3	30.4	30.4	42.3	34.4	30.4	436.4
Showroom expenses	74.3	94.2	94.2	70.8	68.3	68.3	68.3	68.3	68.3	68.3	68.3	67.3	878.9
Marketing & shows	36.0	256.0	33.4	33.4	33.4	33.4	33.4	33.4	68.4	33.4	33.4	33.4	661.0
Administration	69.4	69.4	71.3	71.7	69.9	69.4	69.0	68.8	68.8	70.0	69.2	68.8	835.8
	214.0	452.0	247.3	226.2	208.0	205.5	203.0	200.9	235.9	214.0	205.3	199.9	2,812.1
<b>Profit/loss</b>													
	12.0	-247.8	126.3	182.2	53.8	21.5	-5.8	-22.5	-56.0	80.2	13.7	-21.0	136.5
<b>Profit/loss cumulative</b>													
	12.0	-235.8	-109.5	72.7	126.6	148.0	142.2	119.7	63.7	143.8	157.5	136.5	136.5



GREATER LONDON KITCHENS LIMITED  
BUDGETED BALANCE SHEETS FOR THE 12 MONTHS ENDING 31 JANUARY 2005

	Jan £'000	Feb £'000	March £'000	April £'000	May £'000	June £'000	July £'000	August £'000	September £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000
<b>Fixed assets (less depreciation)</b>													
Tangible assets	49.8	43.6	47.5	41.4	35.3	31.7	28.1	24.5	20.9	17.3	13.7	10.1	7.5
	49.8	43.6	47.5	41.4	35.3	31.7	28.1	24.5	20.9	17.3	13.7	10.1	7.5
<b>Current assets</b>													
Trade debtors	-482.1	-585.5	-726.5	-641.9	-515.0	-472.7	-439.8	-430.4	-505.6	-531.5	-461.0	-462.5	-487.5
Stock	176.9	176.9	176.9	256.9	256.9	256.9	256.9	256.9	256.9	256.9	256.9	256.9	256.9
Prepayments	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4	224.4
Prepayments Ideal Home	114.5	114.5						20.0	20.0		20.0	40.0	60.0
Other debtors	200.0	200.0	50.0	50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Deposit Account	0.0	258.9	538.9	454.3	327.4	285.1	252.2	242.8	318.0	343.8	273.3	274.8	299.9
Cash in hand & at bank	2.0	-95.7	-318.8	-215.0	44.8	-5.5	54.3	61.5	-51.2	-57.1	53.1	-30.5	-80.9
	235.7	293.4	-55.1	128.6	388.5	288.1	347.9	375.2	262.4	236.5	366.8	303.2	272.7
<b>Current liabilities</b>													
Trade creditors	526.3	526.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accruals	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Loans	5.6	5.6											
VAT	225.2	264.8	35.7	87.1	158.6	45.8	85.5	120.1	31.2	62.7	114.2	38.3	31.3
PAYE & NI	165.7	165.7	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
	964.8	1,004.4	104.7	156.1	227.6	114.8	154.5	189.1	100.2	131.7	183.2	107.3	100.3
<b>Net assets</b>													
	-679.3	-667.3	-112.4	13.9	196.2	205.0	221.5	210.6	183.1	122.1	197.3	206.0	179.9
<b>Represented by</b>													
Share capital	15.0	15.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
CVA reserve			796.8	796.8	796.8	751.8	746.8	741.8	736.8	731.8	726.8	721.8	716.8
Profit & loss b/f	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3	-694.3
	12.0	-235.8	-109.5	72.7	126.6	148.0	142.2	119.7	63.7	143.8	157.5	136.5	136.5
Cumulative profit for the year	-679.3	-667.3	-112.4	13.9	196.2	205.0	221.5	210.6	183.1	122.1	197.3	206.0	179.9

GREATER LONDON KITCHENS LIMITED  
BUDGETED CASH FLOW FOR THE 12 MONTHS ENDING 31 JANUARY 2005

	Feb £'000	March £'000	April £'000	May £'000	June £'000	July £'000	August £'000	September £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Total £'000
<b>Receipts</b>													
Trade debtors	621.8	556.0	1,035.4	1,120.0	697.0	612.4	527.8	480.8	490.2	781.6	593.6	499.6	8,016.3
Deposits from Customers	258.9	280.0	174.3	153.1	132.0	120.2	122.6	195.4	148.4	124.9	149.9	149.9	2,009.5
Customer Deposit Account	0.0	0.0	258.9	280.0	174.3	153.1	132.0	120.2	122.6	195.4	148.4	124.9	1,709.6
Thames Water		150.0			50.0								200.0
Share capital		0.4											0.4
<b>Payments</b>													
	880.7	986.4	1,468.5	1,553.1	1,053.2	885.7	782.3	796.4	761.2	1,101.9	891.9	774.4	11,935.8
Additions to fixed assets	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
Payments re Ideal Home	0.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	20.0	20.0	20.0	80.0
Hire purchase repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment to CVA	0.0	160.0	0.0	0.0	45.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	240.0
VAT	0.0	0.0	0.0	0.0	158.6	0.0	0.0	120.1	0.0	0.0	114.2	38.3	431.1
PAYE	0.0	0.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	270.0
Customer Deposit Account	258.9	280.0	174.3	153.1	132.0	120.2	122.6	195.4	148.4	124.9	149.9	149.9	2,009.5
Purchase ledger	511.7	455.1	949.3	920.1	563.6	498.8	428.1	391.4	401.4	631.3	484.7	414.3	6,649.8
Overheads	207.8	304.4	214.2	193.1	177.4	174.9	172.4	170.3	185.3	183.4	174.7	170.3	2,328.3
	978.4	1,209.4	1,364.7	1,293.3	1,103.6	825.9	775.1	909.2	767.1	991.7	975.5	824.9	12,018.7
Balance at bank brought forward	2.0	-95.7	-318.8	-215.0	44.8	-5.5	54.3	61.5	-51.2	-57.1	53.1	-30.5	2.0
Balance at bank carried forward	-95.7	-318.8	-215.0	44.8	-5.5	54.3	61.5	-51.2	-57.1	53.1	-30.5	-80.9	-80.9

NON-PREFERENTIAL CREDITORS

**GREATER LONDON KITCHENS LIMITED**  
Creditors With SGA Balances

		£
CA00	ADT Fire & Security Plc 10th Floors South Trafford House Chester Road Stretford Manchester, M32 0RS	1,036.30
CA01	Advanced Print Systems 2nd Floor, Abbeyrose House 181 High Street Ongar Essex CM5 9JG	2,416.99
CA02	Artistic Signs 12 Huxley Gardens London NW10 7EA	2,324.15
CA03	Atlantic Electric & Gas Ltd PO Box 2360 Cardiff CF23 8WN	9,768.05
CA05	Avocet Hardware Plc Brookfoot Mills Elland Road Brighouse West Yorkshire HD6 2RW	650.81
CA06	ACII Limited Abbey Court Calcott Lane Bicton Heath Shrewsbury SV8 8EZ	1,474.64
CA07	Aqua Cool Nestle Water Coolers UK Ltd PO Box 32303 London SW17 0FS	252.31
CA08	Archant Greater London Newspaper House 2 Whalebone Lane South Dagenham Essex RM3 1HB	1,020.99
CA09	Mr James R Austin 38 Clevedon Road Kingston-upon-Thames Surrey KT1 3AD	5,562.00

Signature



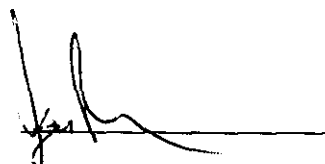
Date

12/2/04

**GREATER LONDON KITCHENS LIMITED**  
Creditors With SOA Balances

		£
CB01	Baumatic Limited Baumatic Building 6 Bennett Road Reading Berks RG2 0QX	132,648.26
CB02	BDG Group Limited 5 Wenlock Road Lurgan Craigavon Co Armagh BT66 8QR	27,381.31
CB03	Better Business Group td Unit 32, The Enterprise Centre Cranorne Road Potters Bar Herts EN6 3DQ	1,823.45
CB04	Biffa Waste Services Ltd Coronation Road Cressex High Wycombe Bucks HP12 3TZ	5,132.82
CB05	Blanco Limited Oxgate Lane London NW2 7JN	17,882.90
CB06	BSH Home Appliances Ltd (Neff) Grand Union House Old Wolvertn Road Milton Keynes MK12 5PT	14,397.28
CB09	Brooks Packaging Ltd 37-39 North Acton Road London NW10 6PF	211.50
CB0A	British Telecommunications Plc Durham DH98 1BT	6,581.88
CB0B	BSH Home Appliances Ltd (Bosch) Grand Union House Old Wolverton Road Milton Keynes MK12 5PT	6,370.28
CB0C	BSH Home Appliances (Siemens) Grand Union House Old Wolverton Road Milton Keynes MK12 5PT	3,723.25

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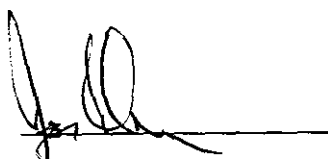
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12/2/04

**GREATER LONDON KITCHENS LIMITED**  
Creditors With SOA Balances

		£
CB0D	Baumatic (Display Account) Baumatic Building 6 Bennett Road Reading Berks RG2 0QX	406.62
CB0E	Blackbush Services Mortimers Yard Featherbed Lane Hemel Hempstead Herts HP3 9DJ	308.03
CB0F	Brachers Solicitors Somerfield House 59 London Road Maidstone Kent ME16 8JH	6,260.32
CB0G	J & M Bullett 187 Sherwood Park Road Mitcham Surrey CR4 1NJ	504.00
CB0H	Baumatic (J & D Zwirn) Baumatic Building 6 Bennett Road Reading Berks RG2 0QX	7,074.82
CC00	C & J Casselden 159 Westminster road Sutton Surrey SM1 3NQ	5,000.00
CD01	Richard Dunne 76 Agraria Road Guildford Surrey GU2 5LG	650.00
CD02	DWS Advertising Ltd 141-143 Commercial Road London E1 1PX	440.19
CD03	DMG Anglex Ltd Equitable House Lyon Road Harrow Middlesex HA1 2EW	78,494.43

Signature



Date 12/2/04

GREATER LONDON KITCHENS LIMITED  
Creditors With SOA Balances

	£
CD04 Duration Windows Unit 4, Thames Development Charfleets Road Canvey Island Essex SS8 0PQ	29.38
CE01 Excel Europe Ltd PO Box 391 Bedford MK40 2XQ	693.29
CE02 The Exhibition & Interiors Co 21-22 Faraday Court Park Farm Wellingborough Northants NN8 6XY	23,783.87
CG00 Ann Guthrie 1 Backwoods Lane Lindfield West Sussex RH16 2EB	1.00
CH00 Hurst Plastics Limited Unit 1 Kingston Int Business Park Somerdon Road Hendon Road Hull, HU9 5PE	3,333.66
CH01 C G Huxter 15 Hawkins House New King Street London SE8 3HT	190.00
CH02 Hyslam Limited T/A International Lifting & Shipping International House Baydon Road, Exhall Coventry CV7 9EJ	1.00
CH03 HM Customs & Excise Voluntary Arrangement Service Durrington Bridge House Barrington Road Worthing West Sussex, BN12 4SE	225,173.00
CI00 Independent Newspapers Newspaper House 2 Whalebone Lane South Dagenham Essex RM18 1HB	1,569.98

Signature



Date

12/2/04

GREATER LONDON KITCHENS LIMITED  
Creditors With SOA Balances

		£
CI03	ISL Business Systems Ltd ISL House Lower Park Park Royal Road London W3 6XA	351.79
CI04	Inland Revenue NI Contributions Insolvency Services Longbenton Newcastle-upon-Tyne NE98 1ZZ	73,075.00
CI05	Inland Revenue Voluntary Arrangements Service Durrington Bridge House Barrington Road Worthing West Sussex, BN12 4SE	92,668.00
CJ00	Simon James Continental House 497 Sunleigh Road Wembley Middlesex HA0 4LY	635.09
CK01	Mr Kohali 34 Parklands Drive London N3 3HA	1.00
CL00	London Borough of Barnet Town Hall the Burroughs London NW4 4BG	976.00
CL01	London Borough of Brent Brent House 349-357 High Road Wembley Middlesex HA9 6BZ	1.00
CL02	London Borough of Ealing PO Box 1344 Town Hall Annexe Ealing London W5 2BY	111.51
CL03	Laird Security Hardware Ltd Western Road Silver End Witham Essex CM8 3GB	979.36

Signature



Date

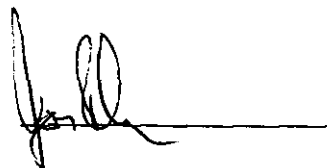
12/2/04



**GREATER LONDON KITCHENS LIMITED**  
Creditors With SOA Balances

		£
CM00	Maytag UK Foxboro Business Park Unit 2, St Annes Boulevard Redhill Surrey RH1 1AX	1.00
CM01	Mereway Limited 1 Redfern Park Way Birmingham B11 2BF	62,865.39
CM02	MFP T/A ES Safety Supps Unit 16, Hillgrove Business Park Nazeing Road Nazeing Essex EN9 2HB	206.47
CM03	Mobius Computer Solutions Ltd Briarwood Cottage Hewish Weston-Super-Mare North Somerset BS24 6RQ	564.00
CM04	MCI Worldcom Ltd PO Box 521 Sheffield S98 1AA	2,083.42
CM05	Miss Harriet Mauleverer 50 Ingelow Road Battersea London SW8 3PF	1.00
CN01	Npower Direct Ltd Radcliffe House Blenheim Court Solihull West Midlands B91 2AA	288.36
CN02	Nestle Water Coolers UK Ltd Unit 3, Network Park Duddeston Mill Road Birmingham B8 1AU	125.14
CO00	Office Depot International UK PO Box 279 Leicester LE3 1YU	691.29
CO01	Omnico Plastics Ltd Farthing Road Ipswich Suffolk IP1 5AP	4,992.43

Signature



Date

12/2/04

**GREATER LONDON KITCHENS LIMITED**  
Creditors With SOA Balances

		£
CP01	PC Support Services 5 Pizey Close Clevedon North Somerset BS21 7TP	352.50
CP02	PJH Group Limited Alder House Kearsley Bolton BL4 8SL	1,845.95
CP04	P.R. Fleet Services Ltd Steele Road London NW10 7AR	2,451.27
CP05	Profile Co UK Unit 9, Progression Centre 42 Mark Road Hemel Hempstead Herts HP2 7DW	1,527.51
CP06	Prototype Design 211 Cassiobury Drive Watford Herts WD17 3AN	1,374.75
CR00	Response Recruitment Ltd Unit 4, Ground Floor 6 Chase Road Park Royal London NW10 6HZ	209.74
CR01	R W Simon Limited System Works Hatchmoor Industrial Estate Torrington Devon EX38 7HP	311.38
CS01	St Pauls Press Unit 4, Hotspur Industrial Estate West Road Tottenham London N17 0XJ	700.00
CS02	Suregas Martland Industrial Estate Smarts Heath Lane Worplesdon Woking GU22 0RQ	22.87

Signature




Date

12/2/04

**GREATER LONDON KITCHENS LIMITED**  
Creditors With SOA Balances

	£
CS03 Seton Solutions 14 Wildmere Road Wildmere Industrial Estate Banbury Oxon OX16 3JU	2,502.75
CT00 Thomson Directories Thomson House 296 Farnborough Road Farnborough Hants GU14 7NU	15,214.77
CT01 Timberlike Limited Middleswood Farm Threapwood Malpas Cheshire SY14 7AW	3,467.20
CU00 Unbloc Drainage Eng Ltd Units 1 & 2 86 Goodhall Street London NW10 6TS	274.95
CU01 UVAS Lapp Partners Property Development 2A Coldharbour Close Henley-on-Thames Oxon RG9 1QF	38,538.47
CW00 Warner Howard Group Ltd Warner Howard House Woodgrange Avenue Harrow HA3 0XD	653.95
CW01 R J Way Office & General Cleaning 21 Williamson Street London N7	110.00
CW02 Wedge Roofing Centres Ltd Wedge House White Hart Lane London N17 8HJ	733.52
CW03 Winzer Wurth Industrial Ltd Wurth House Cattershall Lane Godalming Surrey GU7 1NP	3,261.51

Signature



Date

12/2/04

GREATER LONDON KITCHENS LIMITED  
Creditors With SOA Balances

	£
CW04 Wolseley Centers Ltd PO Box 68 Ripon North Yorkshire HG4 1XY	158.56
CW05 Woodall Refrigeration Ltd 32 Alie Street London E1 8DA	1.00
CY00 Yell Limited Queens Walk Reading RG1 7PT	18,900.34

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77 Entries Totalling 927,803.00

Signature



Date

12/2/04

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# Standard Conditions for Company Voluntary Arrangements

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## PART I: INTERPRETATION

### 1 Miscellaneous definitions

- 1 In the Arrangement, except where the context otherwise demands:
- (a) "the Act" means the Insolvency Act 1986 as amended;
  - (b) "the Arrangement" means the Proposal and the Conditions read together;
  - (c) "the Company" means the company which makes the proposal;
  - (d) "the Conditions" are these Conditions;
  - (e) "Connected" shall have the meaning given to it in section 249 of the Act;
  - (f) "the Court" means any court having jurisdiction in respect of the Arrangement;
  - (g) "Creditor" is a person bound by the Arrangement to whom a Debt is owed;
  - (h) "Debt" has the meaning given to it in section 382 of the Act with the modifications necessary to refer to a voluntary arrangement;
  - (i) "Directors" means the directors of the company acting at any given time during the course of the arrangement, including those appointed after the commencement of the arrangement;
  - (j) "Dividend" means a distribution to Creditors;
  - (k) "Excluded Assets" are those assets identified in the Proposal as being excluded from the Arrangement;
  - (l) "Paragraphs" are Paragraphs of these Conditions; and sub-paragraph shall be construed accordingly;
  - (m) "Preferential Creditor" is a Creditor with a Debt falling within section 386 of the Act and "Preferential Debt" shall be construed accordingly;
  - (n) "Property" has the meaning given to it in section 436 of the Act;
  - (o) "the Proposal" is the document annexed hereto together with modifications and documents incorporated thereto, being a proposal under Part I of the Act;
  - (p) "the Rules" means the Insolvency Rules 1986 as amended;
  - (q) "security" has the meaning given to it in section 383 of the Act; and "Secured Creditor" shall be construed accordingly;
  - (r) "the Supervisor" is the person or persons for the time being appointed to supervise the implementation of the Arrangement;

### 2 The Conditions

- 2 The Conditions are an integral part of the Arrangement. In the event of any ambiguity or conflict between the Conditions and the Proposal and any modifications to it, the Proposal as modified shall prevail.

## PART II: COMMENCEMENT, EFFECT, AND DURATION OF ARRANGEMENT

### 3 Commencement of Arrangement

- 3 The Arrangement shall come into effect upon the approval thereof by the Creditors pursuant to the provisions of the Act and Rules.

### 4 Nature and effect of the Arrangement

- 4(1) **[Nature of Arrangement]** The Arrangement is a proposal under Part I of the Act for a scheme of arrangement of the Company's affairs or a composition in full and final satisfaction of the Company's Debts.
- 4(2) **[Claims against third parties]** Unless the Proposal indicates to the contrary, nothing in the Arrangement shall be construed as effecting a composition or satisfaction of any Debt owed by a person other than the Company, whether that Debt is owed jointly by the Company or otherwise.
- 4(3) **[Restriction on Creditor's Rights]** After the commencement of the Arrangement, no Creditor shall, in respect of any Debt which is subject to the Arrangement:
- (a) have any remedy against the property or person of the Company;
  - (b) commence or continue any action or other legal proceeding against the Company.
- 4(4) **[Saving for certain rights]** Nothing in this Paragraph or elsewhere in the Conditions shall be construed as affecting the following rights:
- (a) the right of any Secured Creditor to enforce his Security, except with the Secured Creditor's consent;
  - (b) the right of the Supervisor or any Creditor to present a winding-up petition for default in connection with the Arrangement;
  - (c) the right of any Creditor to bring or continue legal proceedings against the Company and to obtain a judgment against the Company in the full amount of its Debt for the sole purpose of making a claim against an insurer of the Debtor by virtue of the Third Party (Rights Against Insurers) Act 1930.

### 5 Existing proceedings against Company

- 5(1) **[Discontinuance of existing proceedings]** Legal proceedings against the Company in existence at the commencement of the Arrangement in respect of Debts which are subject to the Arrangement shall, unless they are of a type contemplated by Paragraph 4(4), be discontinued by the Creditor as soon after the commencement of the Arrangement as is practicable.

- 5(2) **[Costs of existing proceedings]** Legal costs of a Creditor in proceedings other than winding-up referred to in Sub-paragraph (1) shall be a Debt falling within the Arrangement.
- 5(3) **[Costs of winding-up proceedings]** Petition costs of a Creditor who presented a winding-up petition against the Company prior to the commencement of the Arrangement shall be treated as an expense of the Arrangement to rank after the costs of the Nominee but before those of the Supervisor.
- 5(4) **[Prior distress]** Where any person has distrained on the goods or effects of the Company in the period of three months prior to the making of the interim order, those goods or effects, or the proceeds of their sale, shall be charged with the Preferential Debts of the Company to the extent that the assets of the Arrangement are insufficient for meeting those debts.

## **6 Existing execution against Debtor's assets**

- 6(1) **[Partly-completed execution]** A Creditor who, before the commencement of the Arrangement, has issued execution against the goods or land of the Company in respect of a Debt which is subject to the Arrangement, or has attached a Debt due to the Company from another person in respect of such a Debt shall, unless the execution or attachment was completed before the commencement of the Arrangement, discontinue the execution or attachment as soon after the commencement of the Arrangement as is practicable.
- 6(2) **[Completion of execution or attachment]** For the purposes of Sub-paragraph (1):
- (a) an execution against goods is completed by seizure and sale or by the making of a charging order absolute under section 1 of the Charging Orders Act 1979;
  - (b) an execution against land is completed by seizure, by the appointment of a receiver or by the making of a charging order absolute under section 1 of the Charging Orders Act 1979;
  - (c) an attachment of a Debt is completed by the receipt of the Debt.

## **7 Mutual credit and set-off**

- 7(1) **[Application]** This Paragraph applies where before the commencement of the Arrangement there have been mutual credits, mutual Debts or other mutual dealings between the Company and any Creditor.
- 7(2) **[Account to be taken]** An account shall be taken of what is due from each party to the other in respect of the mutual dealings and the sums due from one party shall be set-off against the sums due from the other.
- 7(3) **[No account where Creditor has notice]** Sums due from the Company to another party shall not be included in the account taken under Sub-paragraph (2) if that other party had notice at the time they became due that a winding-up petition relating to the Company was pending or that a moratorium was made in relation to the Company.
- 7(4) **[Restriction on post-commencement set-off]** Other than as provided for in this Paragraph, set-off shall not be available in respect of any Debt or item of Property.
- 7(5) **[Balance provable or to be paid]** Only the balance (if any) of the account taken under Sub-paragraph (2) is provable in the Arrangement or, as the case may be, to be paid to the Company or, if the Proposal so provides, to the Supervisor.

## **8 Duration of Arrangement**

- 8(1) **[General rule]** Unless extended under the provisions of these conditions, the Arrangement shall continue until the end of the period stated in the Proposal.
- 8(2) **[Extension of duration by Supervisor]** The Supervisor may, if he thinks fit for the purposes of finalising the administration of the Arrangement, extend the duration of the Arrangement by sending a notice to this effect ("an Extension Notice") to the Company and all Creditors. This may be done on up to 2 occasions: for a period of up to 6 months in the first instance and for a period of up to 3 months in the second instance.
- 8(3) **[Extension Notice]** An Extension Notice shall be sent not less than 7 days prior to the date upon which the Arrangement is otherwise due to complete and must state the reason or reasons for the extension.
- 8(4) **[Effect of extension]** In the event of an Extension Notice being sent, the Arrangement shall continue for the period specified therein, or for the maximum allowable period for that extension (being 6 months for a first extension and 3 months for a second extension) commencing on the date immediately after that on which the Arrangement would otherwise have completed, whichever is sooner.
- 8(5) **[Supervening notice calling a meeting of Creditors]** In the event that a meeting of creditors has been called by the Supervisor for a time after the Arrangement would otherwise have expired, the duration of the Arrangement shall be extended to the date of that meeting and to any adjournment thereof.
- 8(6) **[Further extension]** Any extension for a period longer than that provided for under Paragraph 8(2) shall require approval as a variation in accordance with Paragraph 70.

## **9 Completion of Arrangement**

- 9(1) **[The Completion Certificate]** Upon the expiration of the Arrangement, the Supervisor shall, if the Company has complied with its obligations under the Arrangement, issue a certificate ("the Completion Certificate") stating that the Proposal has been fully implemented.
- 9(2) **[Effect of Completion Certificate]** Save to the extent provided in Paragraph 4(4), upon the issue by the Supervisor of a Completion Certificate, the Company shall be released from all Debts which are subject to the Arrangement.
- 9(3) **[Notification of issue of Completion Certificate]** Copies of the Completion Certificate issued under this Paragraph shall be sent by the Supervisor to the Company, the Creditors, the Secretary of State for Trade and Industry and the Court together with a Supervisor's final report.

## 10 Substantial Compliance

- 10(1) **[Issue of certificate where substantial compliance]** The Supervisor may, if he thinks fit, issue a Completion Certificate notwithstanding the fact that the Company has not complied with all of its obligations under the Arrangement provided that the Company has:
- (a) made all payments required under the terms of the Arrangement;
  - (b) provided a full explanation of any breach of the terms of the Arrangement required by the Supervisor;
  - (c) paid to the Supervisor such sum (if any) as the Supervisor shall reasonably have required to compensate the Creditors for any reduction in Dividend caused by the Company's breach of the terms of the Arrangement.
- 10(2) **[Notification to creditors]** Where the Supervisor proposes to issue a Completion Certificate under Sub-paragraph 1 he shall notify the Creditors accordingly and invite them to submit any comments within 21 days from the date of notification.
- 10(3) **[Treatment as full implementation]** If the Supervisor issues a Completion Certificate under Sub-paragraph (1), the Arrangement shall be treated as fully implemented.

## 11 Termination of Arrangement

- 11(1) **[Termination in certain circumstances]** The Arrangement shall terminate upon:
- (a) the Supervisor issuing a Certificate of Termination under Paragraph 67;
  - (b) the making of a winding-up order against the Company;
- neither of which circumstances shall affect the trusts created under Paragraph 29.
- 11(2) **[Notice of termination]** The Supervisor shall, on discovering the occurrence of a terminating event, but in any event not more than 28 days after such discovery, give notice of such termination and the reason therefore to the Company and Creditors.

## PART III: SUPERVISOR'S FUNCTIONS, POWERS ETC

### 12 Supervisor's functions

- 12(1) **[Primary function]** The Supervisor's primary function is to supervise the Company's performance of its obligations under the Arrangement and to administer the Arrangement.
- 12(2) **[Other functions]** The Supervisor shall also undertake such functions as are given to him in the Proposal, Act and Rules.

### 13 Supervisor's powers

- 13 Subject to those powers more particularly given to him in the Arrangement, Act and Rules, the Supervisor shall have the following powers:
- (1) **[Getting in assets]** power to take possession of, collect, get in and hold any or all of the assets which, under the terms of the Arrangement, he is to hold as trustee;
  - (2) **[Realisation of assets]** power to sell or otherwise dispose of any asset referred to in Sub-paragraph (1) in such manner as may seem to him expedient;
  - (3) **[Putting funds on deposit]** power to place money coming into his hands during the course of the Arrangement on deposit with any established United Kingdom clearing bank or building society;
  - (4) **[Appointing agents]** power to engage legal representatives, managers, agents and other persons to assist the Supervisor in the performance of his functions under the Arrangement;
  - (5) **[Delegation]** power to delegate to his firm and any appropriate partner, employee or agent thereof any or all of his duties and functions under the Arrangement save those which by law he is required to perform personally;
  - (6) **[Insurance]** power to effect and maintain insurances in respect of any asset subject to the Arrangement;
  - (7) **[Power to claim]** power to prove, rank, claim and draw a dividend in respect of such Debts owed to the Company as fall within the Arrangement;
  - (8) **[Power to direct Company]** power, in the event that the Supervisor is unable or it is impracticable for him to do any act or thing which he is empowered to do himself, to direct the Company to do that act or thing on his behalf;
  - (9) **[Ancillary power]** power to do any other act or thing which is necessary or expedient for the purposes of exercising the above powers or for carrying out his functions under the Arrangement.

### 14 Supervisor's powers upon completion/termination

- 14(1) **[Exercise of powers after completion/termination]** Completion and/or termination of the Arrangement shall not affect the Supervisor's power to carry out such of his functions and to exercise such of his powers as are necessary for him to fully carry out his duties, obligations and responsibilities under the Arrangement, Act and Rules and to resolve such matters as may have arisen during the course of the Arrangement.
- 14(2) **[Retention of funds by Supervisor]** Upon completion and/or termination of the Arrangement, the Supervisor shall be entitled to retain for such period as he reasonably deems necessary from any funds under his control such monies as he reasonably thinks fit on account of his fees, costs, charges, liabilities and expenses, and shall advise Creditors and the Company in writing of the quantum of the funds so retained and the reasons why.

### 15 Exercise of Supervisor's functions and powers

- 15(1) **[Application of liquidation provisions]** In the event that the Arrangement does not provide guidance to the Supervisor as to what action he should take in any given situation, the Supervisor shall apply the provisions of the Act and Rules in so far as they relate to winding up with necessary modifications.

- 15(2) **[Consultation of Creditors]** If the Supervisor is uncertain as to what action he should take in any situation, or wishes to ascertain the wishes of Creditors on a matter concerning the Arrangement, he may seek the advice and/or direction of the Creditors' Committee and/or the majority or most material of the Creditors and he may act upon such advice and/or direction.
- 15(3) **[Directions from the Court]** This Paragraph is without prejudice to the Supervisor's right to refer matters concerning the Arrangement to the Court for guidance and/or directions if, in his discretion, he shall think fit.

#### **16 Restriction upon Supervisor's duty and liability**

- 16(1) **[Supervisor's duty]** The Supervisor shall be under no obligation to perform any act or carry out any function save for those expressly provided for in the Arrangement, the Act or Rules.
- 16(2) **[Supervisor's liability]** Neither the Supervisor, his firm or any of his agents or employees shall incur any personal liability in negligence or otherwise for any act or omission carried out by him or any of them in connection with the Arrangement, unless such act or omission constitutes one of dishonesty or a breach of the Supervisor's obligations under the Act, Rules or the Arrangement.

#### **17 Supervisor's fees, costs and expenses**

- 17(1) **[Amount of fees]** The Supervisor shall be entitled to charge fees for his services in accordance with the time actually and reasonably expended by him and his staff in carrying out the Supervisor's functions under the Arrangement by reference to the ordinary hourly rates of the Supervisor and his staff as shall apply from time to time.
- 17(2) **[Payment of fees, costs and expenses]** the fees, costs, charges and expenses of the Supervisor shall be paid out of the assets of the Arrangement from time to time as the Supervisor thinks fit. The Supervisor shall provide such information to any Creditors' committee appointed in relation to the Arrangement as is reasonably necessary to explain how the fees, costs, charges and expenses were determined or incurred, as the case may be.
- 17(3) **[Supervisor's right of recourse to Court]** If the Supervisor is dissatisfied with a determination of the Creditors' Committee or a meeting of Creditors on a matter involving his fees, costs, charges and/or expenses, he shall have the right to refer the matter to the Court, whose decision on the matter shall bind all parties.

#### **18 Supervisor's resignation**

- 18(1) **[Methods of resignation]** A Supervisor may resign from office with the approval of a meeting of Creditors or with the leave of the Court.
- 18(2) **[Grounds of Supervisor's resignation]** The Supervisor may only resign from office on one or more of the following grounds:
- (a) ill health;
  - (b) cessation of practice as an insolvency practitioner;
  - (c) change of circumstances rendering it impracticable for him to continue in office;
  - (d) impracticability to have the present number of persons acting as Supervisor to the Arrangement.
- 18(3) **[Report of Supervisor's administration]** The notice to Creditors convening a meeting for the purpose of receiving his resignation shall specify the grounds upon which the Supervisor wishes to resign and shall be accompanied by a report of the Supervisor's administration of the Arrangement which includes an up to date summary of his receipts and payments.

#### **19 Removal of Supervisor from office**

- 19(1) **[Methods of removal]** on cause being shown, the Supervisor may be removed from office by the Court or by a resolution of a meeting of Creditors
- 19(2) **[Notice of requisitioned meeting]** Any notice served by a Creditor upon the Supervisor under Paragraph 56(2) (notice requisitioning meeting) for the purpose of convening a meeting of Creditors to remove the Supervisor from office must set out the grounds upon which his removal is sought.
- 19(3) **[Report of Supervisor's administration]** The notice sent out by the Supervisor to Creditors convening such a requisitioned meeting shall specify the grounds upon which his removal is sought and shall be accompanied by a report of the Supervisor's administration of the Arrangement including an up to date summary of his receipts and payments.

#### **20 Vacation of Office by Supervisor**

- 20(1) **[Resignation/removal of Supervisor where more than one acting]** If the Creditors resolve to accept the resignation of a Supervisor, or to remove a Supervisor from office, and there will be another person in the office of Supervisor for the time being, the Supervisor who is resigning or being removed shall vacate office immediately.
- 20(2) **[Resignation/removal of Supervisor where no other acting]** If the Creditors resolve to accept a Supervisor's resignation or to remove a Supervisor from office, and there is no other person in the office of Supervisor for the time being, that resignation and/or removal shall not take effect and the Supervisor shall not vacate office unless and until a meeting of Creditors or the Court appoints a replacement Supervisor.
- 20(3) **[Loss of qualification]** The Supervisor shall vacate office immediately if he ceases to be a person who is for the time being qualified to act as an insolvency practitioner.
- 20(4) **[Notice of vacation of office]** A Supervisor who, for any reason, vacates office shall forthwith give notice of that fact to the Court, the Company, the Creditors and the Secretary of State for Trade and Industry.
- 20(5) **[Duties of Supervisor upon vacation of office]** A Supervisor who, for any reason, vacates office shall, as soon as practicable, deliver up to his successor Supervisor or Supervisors all book, records and papers relating to the Arrangement and his administration thereof together with all assets of which he is a trustee under the terms of the Arrangement.
- 20(6) **[Continuing duty of former Supervisor]** Former Supervisors shall be obliged to give such assistance to the Supervisor of the Arrangement from time to time as he may reasonably require for ascertaining what transpired during the tenure of office by the former Supervisor.



## **21 Vacancy in the office of Supervisor**

- 21(1) **[Meeting of Creditors to fill vacancy]** If, for any reason, there is a vacancy in the office of Supervisor, that vacancy may be filled by a meeting of Creditors or by the Court.
- 21(2) **[Convening a meeting where no Supervisor acting]** If no Supervisor is in office, such a meeting of Creditors may be convened by the Company, any Creditor, any person who was in partnership with the Supervisor immediately before the vacancy occurred, or by the former Supervisor's authorising body.
- 21(3) **[Chairman where no Supervisor acting]** In the event that a meeting of Creditors is called when no Supervisor is in office, the person who convened the meeting shall act as chairman of that meeting.

## **PART IV: DIRECTORS' WARRANTY, DUTIES & OBLIGATIONS**

### **22 Directors' warranty**

- 22(1) **[Disclosure in Proposal]** The Directors warrant that they have disclosed in the Proposal full and complete particulars of all matters required under the Act and Rules including (without prejudice to the generality of the foregoing) particulars of all of his assets, Debts and liabilities, whether actual, contingent or prospective.
- 22(2) **[Accuracy of Proposal]** The Directors warrant that the contents of the Proposal are true and accurate in all material respects as at the date of the commencement of the Arrangement, subject only to those qualifications that may be disclosed at the meeting of Creditors held to approve the arrangement, which qualifications shall be recorded by the Supervisor in his report to the Court.
- 22(3) **[Disclosure of third party information]** The Directors authorise any creditor to disclose to the Supervisor such information relating to the Debtor, his dealings or property as may reasonably be required to assist in the implementation of the Arrangement

### **23 Directors' duties in relation to Supervisor**

- 23(1) **[Duty to co-operate with Supervisor]** The Directors undertake and agree that during the subsistence of the Arrangement they will:
- (a) give to the Supervisor such information as to the assets, liabilities and other affairs;
  - (b) attend on the supervisor, his agents, representatives or nominees at such times; and
  - (c) do all such other things;
- as the Supervisor shall reasonably require for the purpose of carrying out his functions and duties under the Arrangement.
- 23(2) **[Duty to submit accounts]** The Directors undertake and agree to furnish the Supervisor with accounts relating to the affairs of the Company as at such date and for such period as the Supervisor may reasonably require.

### **24 Duty to hand over property to Supervisor**

- 24 Forthwith after the Commencement of the Arrangement, and subject to the provisions of the Proposal, the Directors shall do all that is required for putting the Supervisor into possession of the assets included in the Arrangement.

### **25 Further Documents**

- 25 Without prejudice to the generality of the Directors' other duties under the Arrangement, the Directors shall, at the request of the Supervisor, execute such Mortgages, Charges, Deeds, Transfers, Trusts, Powers of Attorney or other documents as may reasonably be required by the Supervisor for the protection and/or realisation of assets, to secure the Directors' and Company's compliance with their obligations under the Arrangement, or otherwise to facilitate the implementation of the Arrangement.

### **26 Directors' acknowledgement**

- 26(1) **[Agreement to be bound]** The Directors undertake to carry out the obligations imposed upon them under the Arrangement in full and at the times provided for.
- 26(2) **[Consequences of breach]** The Directors acknowledge that the likely consequence of failure to comply with obligations hereunder in full and at the times provided for is that the Arrangement may be defaulted.

## **PART V: ARRANGEMENT ASSETS**

### **27 Arrangement assets**

- 27 Property other than Excluded Assets belonging to the Company at the date of commencement of the Arrangement shall be subject to the Arrangement and be an asset thereof.

### **28 Trust of Arrangement assets**

- 28(1) **[Assets in the possession of the Company]** Property constituting an asset of the Arrangement in the possession, custody or control of the Company shall be held by the Company upon trust for the purposes of the Arrangement until realisation thereof (if so provided) in accordance with the Arrangement.
- 28(2) **[Assets in the possession of the Supervisor]** Property constituting an asset of the Arrangement in the possession, custody or control of the Supervisor shall be held by the supervisor upon trust for the purposes of the Arrangement.

28(3) **[Trusts to survive termination of Arrangement]** The trusts referred to in Sub-paragraphs (1) and (2) shall not come to an end upon termination of the Arrangement. Instead those assets shall be got in and realised by the Supervisor, and any proceeds applied and distributed in accordance with the terms of the Arrangement.

29 **Restriction on dispositions**

29 The Company shall not sell, charge or otherwise dispose of any interest in any asset subject to the Arrangement without the Supervisor's written consent, other than in the ordinary course of business.

**PART VI: CLAIMS**

30 **Notice to submit claims**

30 As soon as practicable after the commencement of the Arrangement, and provided no application under Section 6 of the Act (challenge of meeting's decision) or an appeal under Rule 1.75(5) (appeal from chairman's decision) is pending, the Supervisor shall send a notice ("a Notice to Submit Claims") to every Creditor and other person to whom the Company may be indebted of whom he has notice requiring them to provide such details of their claims as the Supervisor thinks fit.

31 **Submission of claims**

31 Any Creditor, or other person who wishes and agrees to participate in and be bound by the Arrangement, shall submit his claim in writing to the Supervisor in the form, if any, required by the Supervisor, or one which is substantially similar.

32 **Variation of claims**

32 A Creditor's claim may at any time be withdrawn or varied.

33 **Production of documents**

33 The Supervisor may call for any document or other evidence to be produce to him, where he thinks it necessary, for the purpose of substantiating the whole or any part of the claim.

34 **Affidavit substantiating claim**

34 The Supervisor may, if he thinks it necessary, require a claim to be verified by affidavit.

35 **Supervisor to allow inspection of claims**

35 The Supervisor shall, so long as claims lodged with him are in his hands, allow them to be inspected, at all reasonable times on any business day, by:

- (a) any Creditor who has submitted his claim (unless that claim has been wholly rejected for the purposes of Dividend or otherwise); and
- (b) the Directors of the Company.

36 **Admission and rejection of claims for Dividend**

36(1) **[Admission]** A claim may be admitted for Dividend either for the whole of the amount claimed by the Creditor, or for part of that amount.

36(2) **[Rejection]** If the Supervisor rejects a claim in whole or in part, he shall prepare a written statement of his reasons for so doing and send it to the Creditor.

37 **Appeal against decision on claim**

37(1) **[Application by Creditor]** If a Creditor is dissatisfied with the Supervisor's decision with respect to his claim or its ranking he may apply to the Court, within 21 days (or such longer period as the Court shall, in the special circumstances, allow) of receiving the statement sent under Paragraph 36(2) for the decision to be reversed or varied.

37(2) **[Application by Company or other Creditor]** The Company or any other Creditor may, if dissatisfied with the Supervisor's decision admitting or rejecting the whole or any part of a claim, make such an application within 21 days (or such longer period as the Court shall, in the special circumstances, allow) of becoming aware of the Supervisor's decision.

37(3) **[Costs of appeal]** The Supervisor is not personally liable for the costs incurred by any person in respect of an appeal under this Paragraph unless the Court so orders.

38 **Debts of uncertain value**

38(1) **[Estimation of Debt or liability]** The Supervisor shall estimate the value of any Debt which, by reason of its being subject to a contingency or for any other reason, does not bear a certain value.

38(2) **[Notification to Creditor]** The Supervisor shall notify the Creditor in writing of any such estimate. If the Creditor is dissatisfied with the Supervisor's decision he may exercise his rights under paragraph 37.

38(3) **[Claim of Debts of uncertain value]** Where the value of any Debt is estimated by the Supervisor under Sub-paragraph (1), the amount provable in the Arrangement shall be the amount of the estimate.

## 39 Secured Creditors

- 39(1) **[Proving for balance of Debt]** A Secured Creditor may claim for the balance of his debt (if any), after deducting the value of his Security.
- 39(2) **[Voluntary surrender of Security]** If a Secured Creditor voluntarily surrenders his Security for the general benefit of the Creditors, he may claim for his whole Debt, as if it were unsecured.
- 39(3) **[Altering value of Security]** A Secured Creditor may, with the agreement of the Supervisor or the leave of the Court, at any time alter the value which he has, in his claim, put upon his Security.
- 39(4) **[Test of Security's value]** If the Supervisor is dissatisfied with the value which a Secured Creditor puts on his Security (whether in his claim or by way of re-valuation), he may require the Security to be professionally valued by a person agreed as between the Creditor and the Supervisor, or in default of such agreement by the Court.
- 39(5) **[Professional valuation treated as amended valuation]** Where a professional valuation has been carried out under the previous Sub-paragraph, that valuation shall be treated as an amended valuation of the Creditor.
- 39(6) **[Realisation of Security]** If a Creditor who has valued his Security subsequently realises it:
- (a) the Creditor shall forthwith notify the Supervisor and shall give the Supervisor such information relating thereto as he may reasonably require;
  - (b) the net amount realised shall be substituted for the value previously put by the Creditor on the Security, and
  - (c) that amount shall be treated in all respect as an amended valuation by him.

## 40 Foreign currency Debts

- 40(1) **[Conversion into sterling]** For the purpose of claiming for a Debt incurred or payable in a currency other than sterling, the amount of the Debt shall be converted into sterling at the official exchange rate prevailing on the date of the commencement of the Arrangement.
- 40(2) **[The official exchange rate]** The official exchange rate is the middle market rate at the Bank of England, as published for the date in question. In the absence of any such published rate, it is such rate as the Supervisor and Creditor agree or, in default of such agreement, the Court determines.

## 41 Debts payable at future time

- 41 Subject to Paragraph 50 (adjustment of Dividend where payment made before time) a Creditor may claim for a Debt of which payment was not yet due at the date of commencement of the Arrangement.

## 42 Interest on Debts

- 42 Where a Debt bears interest, that interest may be claimed as part of the Debt except in so far as it is payable in respect of any period after the commencement of the Arrangement.

## 43 Cost of submitting claims

- 43(1) **[Creditor bears cost of submitting claim]** Every Creditor bears the cost of submitting his own claim, including such cost as may be incurred in obtaining valuations, providing documents, affidavits or other evidence to the Supervisor.
- 43(2) **[Supervisor's costs]** Costs incurred by the Supervisor in estimating the value of a Debt of uncertain value shall be an expense of the Arrangement.

## PART VII: PAYMENT OF DIVIDENDS

### 44 Distribution by Dividend

- 44(1) **[Duty to declare and distribute Dividends]** At the time or times specified in the Proposal or, if none, whenever the Supervisor has sufficient funds in hand for the purpose, the Supervisor shall, subject to the retention of such sums as he considers necessary for payment of the expenses of the Arrangement, declare and distribute Dividends among the Creditors in respect of those of their claims which have been admitted.
- 44(2) **[Calculation and distribution of Dividend]** In the calculation and distribution of a Dividend the Supervisor shall make provision:
- (a) for any Debts which are the subject of claims which have not yet been determined; and
  - (b) for disputed claims

### 45 Notice of intended Dividend

- 45(1) **[Notice to Creditors who have not claimed]** No more than three months before declaring a Dividend to non-preferential Creditors, the Supervisor shall give notice of his intention to do so to all such Creditors whose addresses are known to him and who have not submitted their claims.
- 45(2) **[Last date for submitting claims]** Any notice sent out to Creditors under Sub-paragraph (1) shall specify a date ("the Last Date for Submitting Claims") up to which claims may be lodged. The Last date for Submitting Claims shall be the same for all Creditors, and not less than 21 days from the date of the notice.

### 46 Notice of declaration

- 46(1) **[Notice to Creditors who have claimed]** The Supervisor shall give notice of the Dividend to all Creditors who have submitted their claims.
- 46(2) **[Particulars in notice]** The notice shall include the following particulars:
- (a) amounts realised from the sale of assets subject to the Arrangement and/or amounts paid by the Company to the Supervisor under the Arrangement;

- (b) payments made by the Supervisor during the course of the Arrangement;
  - (c) provision (if any) made for unsettled claims, and funds (if any) retained for particular purposes;
  - (d) the total amount to be distributed, and the rate of Dividend;
  - (e) whether, and if so when, any further Dividend is expected to be declared.
- 46(3) **[Simultaneous distribution]** The Dividend may be distributed simultaneously with the notice declaring it.
- 46(4) **[Method of payment]** Payment of Dividend may be made by post, or arrangements may be made with any Creditor for it to be paid in another way, or held for his collection.
- 46(5) **[Endorsement in negotiable instrument]** Where a Dividend is paid on a bill of exchange or other negotiable instrument, the amount of the Dividend shall be endorsed on the instrument, or on a certified copy of it, if required to be produced by the holder for that purpose.

#### 47 Claim altered after payment of Dividend

- 47(1) **[Amount claimed increased]** If, after payment of Dividend, the amount claimed by a Creditor is increased, the Creditor is not entitled to disturb the distribution of the Dividend; but he is entitled to be paid, out of any money for the time being available for the payment of any further Dividend, any Dividend or Dividends which he has failed to receive before that money is applied to the payment of any such further Dividend.
- 47(2) **[Claim withdrawn, disallowed, reduced]** If, after a Creditor's claim has been admitted, the claim is withdrawn or disallowed, or the amount of it is reduced, the Creditor shall repay to the Supervisor any amount overpaid by way of Dividend.

#### 48 Secured Creditors

- 48(1) **[Application of Paragraph]** The following applies where a Creditor revalues his Security at a time when a Dividend has been declared.
- 48(2) **[Reduction in unsecured claim]** If the revaluation results in a reduction of his unsecured claim ranking for Dividend, the Creditor shall, as soon as practicable, repay to the Supervisor any amount received by him as Dividend in excess of that to which he would be entitled having regard to the revaluation of the Security.
- 48(3) **[Increase of unsecured claim]** If the revaluation results in an increase of his unsecured claim, the Creditor is entitled to receive from the Supervisor, out of any money for the time being available for the payment of a further Dividend, before any such Dividend is paid, any Dividend or Dividends which he has failed to receive, having regard to the revaluation of the Security. However, the Creditor is not entitled to disturb any Dividend declared (whether or not distributed) before the date of the revaluation.

#### 49 Assignment of Debts or rights to Dividends

- 49(1) **[Notice of assignment]** If a person entitled to a Dividend gives notice to the Supervisor that he wishes the Dividend to be paid to another person, or that he has assigned his entitlement or Debt to another person, the Supervisor shall pay the Dividend to that other person accordingly.
- 49(2) **[Contents of notice]** A notice given under this Paragraph must specify the name and address of the person to whom payment is to be made.

#### 50 Debts payable at future time

- 50(1) **[Entitlement to Dividend]** Where a Creditor has claimed for a debt of which payment is not due at the date of the declaration of Dividend, he is entitled to Dividend equally with other Creditors, but subject as follows.
- 50(2) **[Calculation of amount of reduction]** For the purpose of Dividend (and for no other purpose), the amount of the Creditor's admitted claim (or, if a distribution has previously been made to him, the amount remaining outstanding in respect of his admitted claim) shall be reduced by a percentage calculated as follows:

$$\frac{I \times M}{12}$$

where I is 5 per cent and M is the number of months (expressed, if need be, as or as including, fractions of months) between the declaration of Dividend and the date when payment of the Creditor's Debt would otherwise be due.

#### 51 Debts of unpaid Creditors

- 51(1) **[Creditors not entitled to Dividend]** Creditors who do not claim in the Arrangement shall not be entitled to receive any Dividend.
- 51(2) **[Unclaimed Dividends paid to Debtor]** Dividends due to Creditors who have claimed in the Arrangement but who have not claimed or been paid their Dividends shall, at the end of the Arrangement, be paid to the Company.
- 51(3) **[Debtor liable for unclaimed Dividends]** Once a Dividend has been paid to the Company under the previous Sub-paragraph, the Creditor must claim it from the Company and no other person.

### PART VIII: PRIORITY OF PAYMENTS AND DISTRIBUTIONS

#### 52 Costs and Expenses of the Arrangement

- 52(1) **[Expenses to be paid first]** Subject to Paragraph 5(3) the fees, costs, charges, expenses and liabilities properly charged or incurred by or on behalf of the Nominee or the Supervisor are expenses of the Arrangement and shall be paid in priority to all other charges, expenses, liabilities and Debts.
- 52(2) **[Charge in relation to expenses]** The Supervisor shall have a charge on the assets subject to the Arrangement in respect of the expenses of the Arrangement.

### 53 Priority of Debts and application of surplus

- 53(1) **[Priority of preferential Debts]** In the distribution of sums due to be paid to Creditors under the terms of the Arrangement, Preferential Debts shall be paid in priority to other Debts.
- 53(2) **[Ranking of preferential Debts]** Preferential Debts rank equally between themselves after the expenses of the Arrangement.
- 53(3) **[Ranking of ordinary Debts]** Debts other than Preferential Debts rank equally between themselves and, after the Preferential Debts, shall be paid in full unless the sums due to be paid to Creditors are insufficient for meeting them, in which case they abate in equal proportions between themselves.
- 53(4) **[Surplus after payment]** Any surplus remaining after the payment of the Preferential and other Debts shall first be applied in paying interest on those Debts in respect of the periods during which they have been outstanding since the commencement of the Arrangement (for this purpose interest on Preferential Debts ranks equally with interest on Debts other than Preferential Debts) and thereafter returned to the Debtor.
- 53(5) **[Interest rate on surplus]** The rate of interest payable under Sub-paragraph (4) in respect of any Debt is whichever is the greater of the following:
- (a) the rate specified in section 17 of the Judgments Act 1838 at the commencement of the Arrangement; and
  - (b) the rate applicable to that Debt apart from the Arrangement.

## PART IX: THE CREDITORS' COMMITTEE & MEETINGS OF CREDITORS

### 54 The Creditors' Committee

- 54(1) **[Establishment]** Any meeting of Creditors may establish a committee ("the Creditors' Committee"), consisting of not less than 3 and not more than 5 members to represent the interests of the Creditors and to provide such assistance and guidance to the Supervisor as he may reasonably require.
- 54(2) **[Eligibility]** All the members of the Creditors' Committee must be Creditors of the Company; and any Creditor (other than one who is fully secured) may be a member, so long as:
- (a) he has lodged a claim, and
  - (b) his claim has neither been wholly disallowed for voting purposes, nor wholly rejected for the purposes of distribution or Dividend.
- 54(3) **[Application of Rules]** The Rules relating to the Liquidation Committee contained in Rules 4.151 to 4.172A shall apply to the Arrangement with the modifications necessary to apply those rules to a voluntary arrangement.
- 54(4) **[Expenses of Members]** The reasonable travelling expenses directly incurred by any member of the Creditors' Committee or their representatives in respect of their attendance at the meetings of the Creditors' Committee, or otherwise on the Creditors' Committee's business, shall rank as an expense of the Arrangement.

### 55 Power to call/requisition meetings of Creditors

- 55(1) **[Supervisor's power to call meetings]** The Supervisor may, if he thinks it desirable, summon and conduct meetings of Creditors for any purpose connected with the Arrangement.
- 55(2) **[Power to requisition a meeting]** If requested in writing by the Company, or by Creditors with not less than one-quarter in value of the total amount of Debts subject to the Arrangement, the Supervisor shall, unless relieved by the Court from so doing, convene a meeting of Creditors within 21 days from the receipt of such request.
- 55(3) **[Content of notice requisitioning meeting]** A notice served upon the Supervisor under Sub-paragraph (2) shall state the purpose for which the meeting is to be held.

### 56 Calling Creditors' meetings

- 56(1) **[Notice of meeting]** Notice of a Creditors' meeting shall be given by the person convening the meeting to the Company and every Creditor whose address is known to him or identified in the Proposal at least 14 days before the date fixed for the meeting, or such shorter period as the Court may allow.
- 56(2) **[Contents of notice]** The notice to Creditors shall specify the purpose for which the meeting is convened and a time and date (not earlier than 4.00 p.m. on the business day before the meeting) by which Creditors must lodge proxies and those who have not already lodged claims must do so, in order to be entitled to vote at the meeting.
- 56(3) **[Forms of proxy]** With every notice convening a Creditors' meeting there shall be sent out forms of proxy.
- 56(4) **[Venue of meeting]** In fixing the venue for a meeting of Creditors, the person convening it shall have regard to the convenience of the parties who may wish to attend.
- 56(5) **[Time of meeting]** Meetings of Creditors shall be convened for commencement between the hours of 10.00 and 16.00 on a business day, unless the Court otherwise directs.
- 56(6) **[Chairman of meeting]** Unless Paragraph 21(3) (chairman where no Supervisor acting) applies, the Supervisor, or a person experienced in insolvency matters and nominated by him, shall be chairman of the meeting.

### 57 Cost of summoning meetings

- 57(1) **[Security for payment of expenses]** Subject to Sub-paragraph (3) below, the cost of summoning and holding a meeting of Creditors at the instance of the Company or Creditors under paragraph 55(2) shall be paid by that person or persons, who shall deposit security for their payment with the Supervisor.
- 57(2) **[Appropriate security]** The sum to be deposited shall be such as the Supervisor determines to be appropriate; and the Supervisor shall be under no obligation to act without the deposit having been paid.
- 57(3) **[Vote for cost to be an expense of arrangement]** Where a meeting is so summoned, it may vote that the expenses of convening and holding it shall rank as an expense of the Arrangement.
- 57(4) **[Repayment of deposit]** To the extent that any deposit made under this Paragraph is not required for the payment of expenses of convening and holding the meeting, it shall be repaid to the person who made it.

**58 Entitlement to vote**

- 58(1) [Conditions for voting]** Subject as follows, at a meeting of Creditors a person is entitled to vote as a Creditor only if:
- (a) he has duly lodged his claim by the time and date stated in the notice of the meeting; and
  - (b) the claim has been admitted under the next Paragraph for the purpose of entitlement to vote, and there has been lodged, by that time and date, any proxy requisite for that entitlement.
- 58(2) [Unliquidated and unascertained claims]** A Creditor shall not vote in respect of a Debt for an unliquidated amount, or any Debt whose value is not ascertained, except where the Chairman agrees to put upon the Debt an estimated minimum value for the purpose of entitlement to vote.
- 58(3) [Secured Creditors]** A Secured Creditor is entitled to vote only in respect of the balance (if any) of his Debt after deducting the value of his security as estimated by him.

**59 Admission and rejection of claim**

- 59(1) [Chairman's discretion]** The chairman has power to admit or reject a Creditor's claim for the purpose of his entitlement to vote, and the power is exercisable with respect to the whole or any part of the claim.
- 59(2) [Appeal from chairman's decision]** The chairman's decision on entitlement to vote is subject to appeal to the Court by any Creditor, or by the Debtor, within 21 days of the meeting of Creditors at which the decision was made, or such longer period as the Court shall, in the special circumstances, allow.
- 59(3) [Voting subject to objection]** If the chairman is in doubt whether a claim should be admitted or rejected, he shall mark it objected to and allow the Creditor to vote, subject to his vote being subsequently declared invalid if the objection to the claim is sustained.
- 59(4) [Where chairman's decision reversed]** If, on an appeal, the chairman's decision is reversed or varied, or a Creditors' vote is declared invalid, the Court may order another meeting to be summoned, or make such other order as it thinks fit, provided that the Court considers the matter is such as to give rise to unfair prejudice or a material irregularity.
- 59(5) [Costs of appeal]** The chairman is not personally liable for the costs incurred by any person in respect of an appeal under this Paragraph unless the Court so orders.

**60 Majorities required to pass resolutions**

- 60(1) [Resolutions by majority in value]** Subject as follows, at a meeting of Creditors a resolution is passed when a majority in value of Creditors present and voting, in person or by proxy, have voted in favour of the resolution.
- 60(2) [Resolutions varying terms of Arrangement]** In the case of a resolution varying the terms of the Arrangement, a majority in excess of three-quarters in value of those present and voting, in person or by proxy, is required to pass the resolution.
- 60(3) [Votes rendering resolution invalid]** Any resolution is invalid if those voting against it include more than half in value of the Creditors who are not, to the best of the chairman's belief, Associates of the Debtor.
- 60(4) [Resolution for the appointment of Supervisor]** In the case of a resolution for the appointment of a Supervisor:
- (a) if on any vote there are 2 nominees for appointment, the person who obtains the most support is appointed, provided that such support represents a majority in value of all those present (in person or by proxy) at the meeting and entitled to vote; and
  - (b) if there are 3 or more nominees, and one of them has a clear majority over both or all of the others together, that one is appointed; and
  - (c) in any other case, the chairman shall continue to take votes (disregarding at each vote any nominee who has withdrawn and, if no nominee has withdrawn, the nominee who obtained the least support last time), until a clear majority is obtained for any one nominee.
- 60(5) [Resolution for joint appointment]** The chairman may at any time put to the meeting a resolution for the joint appointment of any 2 or more nominees if he thinks it appropriate.

**61 Chairman of meeting as proxy-holder**

- 61** Where the chairman at a meeting holds a proxy for a Creditor which requires him to vote for a particular resolution, and no other person proposes that resolution, he shall himself propose it.

**62 Suspension/adjournment of meeting**

- 62(1) [Suspension]** Once only in the course of any meeting, the chairman may, in his discretion and without an adjournment, declare the meeting suspended for any period up to one hour.
- 62(2) [Adjournment]** The chairman at any meeting may, in his discretion, and shall, if the meeting so resolves, adjourn it to such time and place as seems to him to be appropriate in the circumstances; provided that if the chairman is the Supervisor and a resolution has been proposed for his removal, the chairman shall not adjourn the meeting without the consent of at least one half in value of the Creditors present (in person or by proxy) and entitled to vote.
- 62(3) [Period of adjournment]** An adjournment under this Paragraph shall not be for a period of more than 21 days, or such longer period as the Court may allow.
- 62(4) [Use of claims and proxies at adjourned meeting]** Where a meeting is adjourned under this Paragraph, claims and proxies may be used if lodged at any time up to 4.00 p.m. on the business day immediately before the adjourned meeting.

**63 Record of proceedings**

- 63(1) [Minutes of proceedings]** The chairman of any Creditors' meeting shall cause minutes of the proceedings at the meeting, signed by him, to be retained as part of the records of the Arrangement.

- 63(2) **[List of Creditors attending]** The chairman shall also cause to be made and kept a list of all the Creditors who attended the meeting either in person or by proxy and the amount of their claims for voting purposes.
- 63(3) **[Record of resolutions]** The minutes of the meeting shall include a record of the resolutions which were taken at the meeting and the decision on each one.
- 63(4) **[List of creditors to be circulated]** The list of Creditors referred to in Sub-paragraph (2) shall be sent with the chairman's report to Creditors and the Company.

#### 64 Postal resolutions

- 64(1) **[Application of procedure]** The following procedure may be utilised by the Supervisor, if he thinks fit, for the purposes of ascertaining the wishes of Creditors on any matter concerning the Arrangement other than the removal of the Supervisor.
- 64(2) **[Notice of proposed resolution]** The Supervisor may send to the Company and every Creditor whose address is known to him or identified in the Proposal a notice containing a copy of any proposed resolution on which a decision is sought, which shall be set out in such a way that agreement with or dissent from each separate resolution may be indicated by the recipient on the copy so sent.
- 64(3) **[Contents of notice]** The notice must specify a date ("the Last Date for Voting"), not less than 21 days after the date of sending thereof, by which Creditors must lodge their votes with the Supervisor and those who have not already lodged claims must do so, in order to be entitled to vote.
- 64(4) **[Creditors requiring meeting]** Creditors with one-quarter in value of the total amount of Debts subject to the Arrangement may, within 14 days from the date upon which the Supervisor sent out the resolution, request the Supervisor in writing to summon a meeting of Creditors to consider the matters raised by the resolution and, if they so request, the Supervisor shall call a meeting of Creditors for that purpose.
- 64(5) **[Deemed passing of resolution]** In the absence of such a request, the resolution is deemed to have been carried at a duly convened meeting of Creditors, if, of the written votes received by the Supervisor by the end of the Last Date for Voting, a sufficient majority of Creditors as defined in Paragraph 60 entitled to vote on the resolution have indicated their consent to the resolution in writing.
- 64(6) **[Application of voting rights and majorities]** The provisions of Paragraphs 58 (entitlement to vote), 59 (admission and rejection of claim) and 60 (majorities required to pass resolutions) shall apply to postal votes as they do to votes at meetings of Creditors.
- 64(7) **[Copy of resolutions]** A copy of every resolution taken under this Paragraph, together with copies of the votes of Creditors received by the Supervisor endorsed by the Supervisor with the date upon which the vote was received by him, shall be kept with the records of the Arrangement.

#### PART X: PROVISIONS FOLLOWING BREACH OF THE ARRANGEMENT

##### 65 Breach by the Company of the terms of the Arrangement

- 65 The Company shall be regarded as in breach of the Arrangement if:
- (a) it fails to comply with any of its obligations under the Arrangement;
  - (b) information which was false or misleading in any material particular or contains any material omissions:
    - (i) was contained in any statement of affairs or other document supplied to any person, or
    - (ii) was otherwise made available by the Company to its Creditors at or in connection with any meeting of Creditors held, or any postal resolution taken, in connection with the Arrangement, or
  - (c) the Company fails to do all such things as may for the purposes of the Arrangement have been reasonably required of it by the Supervisor.

##### 66 Procedure following breach

- 66(1) **[Notice of Breach]** If, at any time, it appears to the Supervisor that the Company is in breach of the Arrangement, then, unless such breach is remedied forthwith, he shall as soon as practicable issue to the Company a notice ("Notice of Breach") identifying the breach and requiring the Company within one month of sending the notice:
- (a) to remedy the breach if it is capable of being remedied, and, if he thinks fit
  - (b) to give a full explanation of the breach.
- 66(2) **[Remedy of breach]** If, within the one month period referred to in Sub-paragraph (1), or such longer period not exceeding a further one month as the Supervisor shall reasonably allow, the Company:
- (a) remedies its breach of the Arrangement;
  - (b) if so required in the Notice of Breach, provides a full explanation of the breach, and
  - (c) pays to the Supervisor such sum (if any) as the Supervisor may reasonably require to compensate the Creditors for any reduction in Dividend caused by the breach,
- no further action shall be taken against the Company save that the Supervisor shall report the breach to the Creditors when he next sends his comments to Creditors on the progress and efficacy of the Arrangement, or on the next convenient occasion, if earlier.
- 66(3) **[Certificate of Termination/winding up petition]** If the Company has not done those things specified in Sub-paragraph (2) by the time specified or allowed, the Supervisor shall as soon as practicable convene a meeting of Creditors to resolve whether or not to do the following things:
- (i) issue a certificate ("Certificate of Termination") terminating the Arrangement by reason of the Debtor's breach;
  - (ii) follow the procedure set out in the proposals;
  - (iii) vary the terms of the arrangement under Paragraph 68;
  - (iv) take no action.
- 66(4) **[Supervisor's duty]** If the Creditors resolve to issue a Certificate of Termination, the Supervisor shall do so as soon as practicable.
- 66(5) **[Copies of Certificate of Termination]** A copy of any Certificate of Termination issued by the Supervisor shall be sent to the Company and Creditors together with the notice under Paragraph 11.

*PART XI: MISCELLANEOUS PROVISIONS*

**67 Third Party obligations**

- 67(1) [Application of Paragraph]** This Paragraph applies where the Proposal includes any obligation on the part of a person other than the Supervisor or Company to pay monies, transfer assets or do any other thing.
- 67(2) [Evidence of agreement]** The third party shall sign the Proposal or such other document evidencing his agreement to be bound by the obligation as the Supervisor shall reasonably require.
- 67(3) [Enforcement of obligation]** The obligations of the third party shall be enforceable by the Supervisor, or by the Company at the direction of the Supervisor.
- 67(4) [Failure a default of arrangement]** The failure by the third party to carry out the obligation when due shall constitute a breach of the arrangement.

**68 Variation of the Arrangement**

- 68(1) [Variation with Creditor's approval]** The provisions of this Arrangement may be amended with the approval of a meeting of Creditors.
- 68(2) [Consent of Company/third party to variation required]** No variation of the terms of the Arrangement shall be of any effect unless made with the consent of the Company and any third party affected thereby.
- 68(3) [Saving for certain rights]** No variation which restricts the following rights shall be of effect:
- (a) the right of any Secured Creditor to enforce his Security, except with the Secured Creditor's consent;
  - (b) the right of a Preferential Creditor to be paid in priority to other Creditors, except with that Creditor's consent;
  - (c) the right of a Preferential Creditor to be paid pro rata with other Preferential Creditors, except with that Creditor's consent.
- 68(4) [Unfair prejudice and material irregularity]** No variation shall be of effect if it unfairly prejudices the rights of any Creditor or if there has been any material irregularity in the operation of the provisions of this Paragraph.
- 68(5) [Restriction on variation]** No variation shall be of effect if it causes the Arrangement to cease to be a voluntary arrangement within Part I of the Act.

**69 Tax liabilities arising on realisations**

- 69 [Tax to be paid out of proceeds]** Taxation liabilities of the Company arising on the sale or other realisation of any asset subject to the Arrangement shall, in so far as those proceeds are sufficient, be discharged out of the sale proceeds of the asset in question.

**70 Invalidity and/or illegality**

- 70** If any provision or part of the Arrangement is found to be contrary to the Act or Rules, illegal, invalid or contrary to public policy, that will not affect the validity of the remainder of the Arrangement and the provision or part of the Arrangement in question shall be construed accordingly.