

Rule 1.17

The Insolvency Act 1986
Notice of Report of a Meeting
Approving Voluntary Arrangement
Pursuant to Section 4(6) of the
Insolvency Act 1986 and Rule 1.17(5)
of the Insolvency (Scotland) Rules
1986

S4(6)

To the Registrar of Companies

For Official Use

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Company Number

SC001298

Insert full name of
company

Name of Company

Cedarblue Limited

Insert full name and
address

I Gerald M Krasner
 Burley House
 12 Clarendon Road
 Leeds
 LS2 9NF

Insert date

the chairman of a meeting held in pursuance of Section 4 of the Insolvency Act 1986 on
 16 November 2005 enclose a copy of my report of the said meeting.

Signed



Date 16 November 2005

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

CVA1911
 Cedarblue Limited

Gerald M Krasner
 Bartfields (UK) Limited
 Burley House
 12 Clarendon Road
 Leeds
 LS2 9NF

For Official Use

Liquidation Section

Post Room



IN THE MATTER OF PART 1 OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF CEDARBLUE LIMITED

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In the matter of the Insolvency Act 1986

and

In the matter of CEDARBLUE LIMITED

CHAIRMAN'S REPORT TO THE COURT

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I, GERALD MAURICE KRASNER, Chartered Accountant and Licensed Insolvency Practitioner, of Bartfields (UK) Limited, Burley House, 12 Clarendon Road, Leeds LS2 9NF, hereby report to the Court as follows:

1. The adjourned meeting of Creditors to consider the Proposal was held at the offices of Bartfields (UK) Limited, Burley House, 12 Clarendon Road, Leeds LS2 9NF on Wednesday 16 November 2005 at 2.15pm.
2. The Chairman advised the meeting that the following modifications had been received from one of the major non-associated creditors:
 - 2.1 **[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.
 - 2.2 **[IR 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].
 - 2.3 **[C&E 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].
 - 2.4 **[Post approval returns and liabilities]** All statutory returns and payments due to IR and C&E post approval or [to the date of commencement of the prior administration] shall be provided on or before the due date.

- 2.5 **[Outstanding returns]** All statutory accounts and returns overdue at the date of the creditors' meeting shall be provided to IR and/or C&E within 3 months of the approval date together with any other information required.
- 2.6 **[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 the 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.
- 2.7 **[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.
- 2.8 **[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.
- 2.9 **[Expenses of VA]** IR and C&E distress/petition costs are to be paid as an expense of the arrangement, in priority to the nominee's fees and supervisor's fees, remuneration and disbursements.
- 2.10 **[Co debtors]** The release of the company from its debts by the terms of the CVA shall not operate as a release of any co-debtor for the same debts.
- 2.11 **[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.
- 2.12 **[Arrangement trusts]** Upon termination of the arrangement the arrangement trusts expressed or implied shall cease, save that assets already realised shall [after provision for supervisor's fees and disbursements] be distributed to arrangement creditors.
- 2.13 **[Liquidation costs provision]** The supervisor shall set aside sufficient funds for Winding Up proceedings against the company and such funds will rank ahead of any other expenses of the arrangement.

- 2.14[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.
- 2.15[Windfall] Should the company receive or be entitled to any assets/funds which had 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.
- 2.16 12 months from the approval of the Voluntary Arrangement the Supervisor shall provide all creditors with the company's up to date accounts and the arrangement shall not be deemed to have completed successfully until the supervisor and the majority of creditors have agreed that no further contributions are able to be made.
- 2.17 The arrangement is deemed to have failed if the intended arrangement funds are not paid into the arrangement within 12 months of the approval date. The supervisor will then petition for the company to be compulsorily wound up.
- 2.18 The fee of the supervisor shall not exceed £10,000 (excluding VAT) without the prior approval of the majority of creditors. Any funds saved by this reduction shall be made available for the benefit of arrangement creditors.
- 2.19[Duration] The duration of the arrangement shall not exceed 12 months without the prior approval of the majority of creditors.
3. The Directors confirmed that the above modifications were acceptable.
4. The Proposals, as modified in 2 above, were then voted on and approved unanimously.
5. Attached to this report is a schedule of those creditors voting in person or by proxy.
6. The creditors approved my nomination as Supervisor of the Voluntary Arrangement.
7. It was not deemed appropriate to appoint Committee of Creditors.
8. Creditors were informed that the other Company Voluntary Arrangement of the associated company was also approved at the appropriate meeting.

9. Following the creditors' meeting a meeting of Members was held on the Proposals, which were approved unanimously. A schedule of those Members present who voted is attached.

Dated this 16 day of November 2005

Signed (GERALD M KRASNER)

ENDORSEMENT

This Report was filed at Court on the day of November 2005

CEDARBLUE LIMITED

List of Creditors present at the adjourned Statutory Meeting of Creditors

of the above named

held at Bartfields (UK) Limited, Leeds

on 16 November 2005

<u>Name of Creditor</u>	<u>Amount (£)</u>
Crombie No 1 Ltd	1,474,742.00
Crombie USA Ltd	19,027.00
Hartley Investment Trust Ltd	278,701.00
HM Revenue & Customs	685,580.69
Sneiders & Sons Ltd	1,114,929.00
Yellowbond Ltd – in administration	45,391.00
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List of Members present at the adjourned Statutory Meeting of Members

of the above named

held at Bartfields (UK) Limited, Leeds

on 16 November 2005

Name of Member

Hartley Investment Trust Ltd

A M Murray

Signed (GERALD M KRASNER)

Date: 16 November 2005