

**Report of a Meeting Approving
Voluntary Arrangement**

S4

Pursuant to Section 4 of the
Insolvency Act 1986

To the Registrar of Companies

For official use

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Company number

1800158

Name of Company

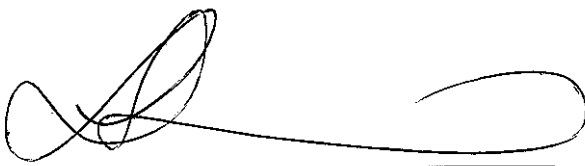
CRP Leisure Plc

I of L A Manning
84 Grosvenor Street
London
W1X 9DF

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7856 - 2

the chairman of a meeting held in pursuance of section 4 of the Insolvency Act 1986 on 11 June 1998 enclose a copy of my report of the said meeting.

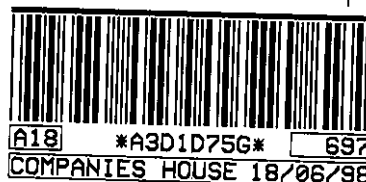
Signed



Date 11 June 1998

L A Manning
Buchler Phillips
84 Grosvenor Street
London
W1X 9DF

For Official Use
Insolvency Sect | Post Room



IN THE MATTER OF
CRP LEISURE PLC
("the Company")
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986

REPORT OF THE CHAIRMAN ON THE
MEETINGS OF CREDITORS AND MEMBERS TO
APPROVE A COMPANY VOLUNTARY ARRANGEMENT
UNDER PART 1 OF THE INSOLVENCY ACT 1986

HELD AT THE OFFICES OF BUCHLER PHILLIPS
84 GROSVENOR STREET
LONDON, W1X 9DF
AT 11.00 AM AND 11.30 AM RESPECTIVELY
ON THE 11 JUNE 1998

I, Lee Antony Manning, of Buchler Phillips, 84 Grosvenor Street, London, W1X 9DF, Joint Nominee and Chairman of the meetings of the Company and its creditors held on 11 June 1998 (summoned to consider the Directors proposals and my appointment as Joint Supervisor for a Company Voluntary Arrangement, pursuant to Section 3 of the Insolvency Act 1986) report to the Court as follows.

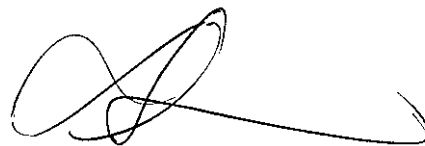
This report is made pursuant to Section 4(6) of the Insolvency Act 1986 and Rule 1.24 of the Insolvency Rules 1986.

Meeting of the Creditors of the Company

1. I introduced myself as Joint Nominee of the Company and advised the persons present at the meeting that they had been summoned pursuant to Section 3 of the Insolvency Act 1986.
2. I explained briefly to the creditors the legislation contained in Part 1 of the Insolvency Act 1986 and Part 1 of the Insolvency Rules 1986, which deal with company voluntary arrangements.
3. I advised the persons present at the meeting, that as convener, I was Chairman for the purposes thereof. I went through in summary the Explanatory Memorandum, Proposal and Statement of Affairs in respect of the Company, having already laid a copy of my Statement of Proposals before the meeting in accordance with Section 3 of the Insolvency Act 1986, which recommend, *inter i aliai* that the most advantageous route for creditors of the Company is by means of a Company Voluntary Arrangement.
4. I then invited the persons present at the meeting to raise any questions they wished regarding the documentation that had been presented to them.
5. I then put the Proposal to a formal vote. The creditors present in person or by proxy unanimously voted in favour of the Proposal as shown in the schedule at Appendix I. This schedule identifies those creditors (if any) which are connected creditors for the purposes of Rule 1.19(4).
6. A Creditors Committee was not established.

Meeting of the Company

7. Following the creditors' unanimous acceptance of the Proposal, a meeting of the Company was held. The proposal, was unanimously approved at this meeting. The voting is summarised at Appendix II.



Dated: 11 June 1998

L A Manning
Joint Nominee & Chairman

C . R . P . L I M I T E D
CREDITORS' MEETING 11 JUNE 1998
84 Grosvenor Street, London W1X 9DF

<u>Creditor</u>	<u>For</u>	<u>Against</u>
A. Steale & Co.	2,525.00	
Bier Group Limited *	194,891.00	
Evenround Ltd.	27,222.73	
Fineight International Inc. Ltd. *	228,937.00	
G Lotto *	18,800.00	
H Franks *	16,500.00	
Keith Bayley Rogers	50,336.79	
Laytons Solicitors	23,535.60	
Robert Jones Carr & Assciates Ltd.	30,374.30	
Tarlo Lyons	6,087.68	
TOTAL £	599,210.10	-
TOTAL %	100%	0%

* Connected Creditors

C . R . P . L I M I T E D
MEMBER'S MEETING 11 JUNE 1998
84 Grosvenor Street, London W1X 9DF

<u>Shareholder</u>	<u>For</u>	<u>Against</u>
Barham, Mary Bridget Susan	1,110	
Barham, John	1,110	
Brewer, William Ian	75,000	
Buckingham, James Leslie	20,000	
Challier J. G W *	✓	
Dudley, Thomas Ivor	95,000	
Fineight International Inc. Ltd. *	✓	
Henderson, Richard Allen	15,000	
Lissaman, Frederick A	40,000	
Liddle, Henry C D	12,000	
Lorman, William James Michael	100,000	
McHison Holdings Limited *	✓	
Mallinson, John R	15,000	
Nichols, Mrs J W	236,000	
Rogers, Jamie	73	
Steele, Frederick Arthur	19,000	
Swain, R L	20,000	
TOTAL SHARES	<hr/> 649,302 <hr/>	<hr/> - <hr/>
TOTAL %	100%	0%

* Not able to ascertain holding

Our Ref: LAM/DC/BFS/ce/crp-s1

Your Ref:

20 May 1998



BUCHLER PHILLIPS
FINANCIAL RECOVERY AND RESTRUCTURING

TO ALL KNOWN CREDITORS & MEMBERS

84 Grosvenor Street
London W1X 9DF

Tel: 0171 493 2550
Fax: 0171 629 9444
info@buchler-phillips.co.uk

When telephoning please ask for:
Stephanie Jeffreys

Direct Line:
0171 518 2268

Dear Sirs

CRP Leisure Plc ("the Company")
Company Number: 1800158

I advise that a meeting of creditors for the Company will be held at my offices on Thursday 11th day of June 1998 at 11.00am to be followed by a members meeting at 11:30am. The purpose of these meetings is to consider the Directors' proposals for a Company Voluntary Arrangement ("CVA") for the Company.

I enclose herewith the following documents:

1. Formal notice of the creditors meeting;
2. A copy of the Directors' proposals.
3. A proof of debt form.
4. A proxy form.

A CVA is a recognised legal procedure which enables a company to enter into a binding agreement with its creditors detailing how its outstanding debts and liabilities at a given time will be dealt with. It requires the approval of 75% in value of the creditors who vote either in person or by way of formal proxy at the meeting of creditors. It must also be approved by the Company's shareholders. Once approved, it binds all creditors who are sent notice of the meeting and are entitled to vote.

It is important for you to appreciate that even if you decide to vote against the proposals, if 75% of creditors, by value and then the shareholders, vote in favour of a CVA you will nevertheless still be bound by its terms. **Therefore, this is an important document which you should read carefully and seek appropriate legal advice if you are uncertain as to its implications or as to what you need to do to register your vote.**

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INVESTOR IN PEOPLE

Peter Phillips David Buchler Edward Wacey Lee Manning Simon Freakley Guralpal Johal Gary Squires John Kelly Neil Cooper James Gleave Archibald Gray Fraser Gray
Birmingham Dublin Glasgow Manchester.

International Affiliates: Ferrier Hodgson in Australia, New Zealand and Hong Kong; Kahn Consulting in USA; Johlke in Germany.



I emphasise that in order to vote at this meeting creditors must, if they have not already done so, have supplied written details of their debt which they claim to be due from the Company on the formal Proof of Debt Form enclosed. You should note that you do not have to attend the meeting in person in order to vote. You may instead appoint a proxy by completing the enclosed proxy form.

Creditors are requested to return to me a duly completed Proxy Form and Proof of Debt Form as soon as possible. Proof of debts must be received no later than 12.00pm on Wednesday 10th day of June 1998. Creditors' votes are calculated according to the amount of their debts as at 11th June 1998 unless, in the case of unliquidated claims, the Chairman agrees to assign estimated minimum values to the debts.

In the absence of a Creditors' Committee being formed, it is proposed that the remuneration of the Supervisors' should be fixed by reference to time properly given by them and their staff in attending to matters arising from the Company Voluntary Arrangement, in accordance with Statement of Insolvency Practice No. 9 issued by the Society of Practitioners of Insolvency. A creditors' guide to Supervisors' Fees is attached to this proposal as Enclosure 7.

Should you wish to discuss any aspect of the proposed Company Voluntary Arrangement, please do not hesitate to contact Stephanie Jeffreys of this office.

Yours faithfully
For and on behalf of
CRP Leisure Plc

L A Manning
Joint Nominee

Enc

ENCLOSURES

1. Notice convening Meetings of Creditors and Members of the Company pursuant to Section 3 of the Insolvency Act 1986.
2. Nominees Report.
3. CVA Proposals.
4. Proxy Form for use at the Section 3 meeting of the Company by creditors and members.
5. Proof of Debt Form for use at the Creditors Meeting.
6. Extracts from the Insolvency Rules 1986.
7. Creditors' Guide to Supervisors' Fees

IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF

CRP LEISURE PLC

NOTICE is hereby given pursuant to the provisions of Section 3 of the Insolvency Act 1986 that a Meeting of the Creditors of the above Company will be held at the offices of Buchler Phillips, 84 Grosvenor Street, London, W1X 9DF on 11th day of June 1998 at 11.00am for the purposes mentioned in Section 4 of the Insolvency Act 1986, to consider the Director's proposals for a Company Voluntary Arrangement.

I enclose with this notice the following forms and documents as prescribed by Rules 1.9 and 1.13 of the Part 1 of the Insolvency Rules 1986.

i) A copy of my Nominee report, incorporating:

the Director's proposals and also a copy of the Company's Statement of Affairs:


Note A: These documents have been delivered to the Chief Clerk, High Court of Justice, Chancery Division, Strand, London WC2A 2LL.

ii) Proxy and Proof of Debt forms which should be completed and returned to me:

iii) A copy extract from Rule 1.19 of the Insolvency Rules 1986 illustrating the voting procedures and Section 3 & 4 of the Insolvency Act 1986 illustrating the function of the Creditors Meeting.

Note B: All Creditors wishing to attend or be represented at the meeting are requested to complete the enclosed Form of Proxy and return it to me at the address given below (together with a note of the claim and a short explanation of how it has been incurred) by 12.00pm on 10th day of June 1998.

SIGNED



LEE ANTONY MANNING
JOINT NOMINEE

DATED

20 May 1998

BUCHLER PHILLIPS, 84 GROSVENOR STREET, LONDON, W1X 9DF

IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF

CRP LEISURE PLC

NOTICE is hereby given pursuant to the provisions of Section 3 of the Insolvency Act 1986 that a Meeting of the Members of the above Company will be held at the offices of Buchler Phillips, 84 Grosvenor Street, London, W1X 9DF on 11th day of June 1998 at 11.30am for the purposes mentioned in Section 4 of the Insolvency Act 1986, to consider the Director's proposals for a Company Voluntary Arrangement.

I enclose with this notice the following forms and documents as prescribed by Rules 1.9 and 1.13 of the Part 1 of the Insolvency Rules 1986.

i) A copy of my Nominee report, incorporating:

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ii) Proxy and Proof of Debt forms which should be completed and returned to me:

iii) A copy extract from Rule 1.19 of the Insolvency Rules 1986 illustrating the voting procedures and Section 3 & 4 of the Insolvency Act 1986 illustrating the function of the Creditors Meeting.

Note B: All Members wishing to attend or be represented at the meeting are requested to complete the enclosed Form of Proxy and return it to me at the address given below (together with a note of the claim and a short explanation of how it has been incurred) by 12.00pm on 10th day of June 1998.

SIGNED



LEE ANTONY MANNING
JOINT NOMINEE

DATED

20 May 1998

BUCHLER PHILLIPS, 84 GROSVENOR STREET, LONDON, W1X 9DF

CHANCERY DIVISION

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND

IN THE MATTER OF CRP LEISURE PLC

PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT

THIS IS THE REPORT OF LEE ANTONY MANNING AND GARY PETER SQUIRES OF BUCHLER PHILLIPS, 84 GROSVENOR STREET, LONDON, W1X 9DF "THE NOMINEES" PURSUANT TO THE PROVISIONS OF PART 1 OF THE INSOLVENCY ACT 1986 ("THE ACT").

1. We are the Joint and Several Nominees acting at the request of Harold Franks, one of the directors of CRP Leisure Plc under the provisions of a proposal submitted to me on the 20th May 1998 and endorsed by me on the same day.
2. We are licensed by the Insolvency Practitioners Association in England and Wales to act as Insolvency Practitioners and we are both bonded by Royal Insurance (UK) Limited pursuant to the provisions of Section 390 of the Act.
3. We have considered the proposals submitted by the director of the Company and would report as follows:-

It is evident from the information contained in the director's Proposal and depicted in the Company's Sworn Statement of Affairs that in a Winding-Up the Company's creditors would receive little in the way of a dividend.

The Company has negligible physical assets, its only asset of value is an inter-company book debt. This may prove to be more difficult to collect should the Company be placed into Liquidation. In a Company Voluntary Arrangement a category of Unsecured Creditors which are associated creditors, totalling approximately £384,775 will not participate resulting in a substantially larger distribution to participating unsecured creditors.

In a Compulsory Winding Up the funds received would be banked with the Insolvency Services Account ("ISA") a government controlled facility which attracts lower rates of interest than would be available commercially. Secretary of State fees would also be paid in respect of funds banked with the ISA. By accepting the director's Proposals the unsecured creditors in this matter are offered a prospect of receiving a dividend of 16p in the £ of their proved debts in full and final settlement, which should be better than that of Liquidation.

In our opinion, we consider that the arrangement is desirable and that the creditors will concur with the proposal and that it is therefore capable of implementation.

In these circumstances, we are of the opinion that a Company Voluntary Arrangement would be beneficial to the creditors, and that a creditors meeting should be convened; we propose that a Meeting of Creditors should be held on 11th day of June 1998 at 11.00 am at the offices at Buchler Phillips, 84 Grosvenor Street, London, W1X 9DF.

Signed


LEE ANTONY MANNING AND GARY PETER SQUIRES

RE: CRP LEISURE PLC

**AFFIDAVIT IN SUPPORT OF AN
APPLICATION UNDER SECTION 1 OF
THE INSOLVENCY ACT 1986**

1, Harold Franks of c/o the Registered Company Office, Price Firman, Prince Consort House, Albert Embankment, London SE1 7TS one of the directors of CRP Leisure PLC do MAKE OATH and say as follows:

1. I make this Affidavit in support of an Application to this Honourable Court under Section 1 of the Insolvency Act 1986
2. The reason why I wish to make the Application is that I am of the opinion that a Company Voluntary Arrangement will provide a greater dividend to the unsecured creditors of the Company, than if the Company were to be wound up.
3. Lee Antony Manning and Gary Peter Squires are the Joint and Several Nominees under the proposal and are authorised to act as Insolvency Practitioners by the Insolvency Practitioners Association. Lee Antony Manning and Gary Peter Squires have consented to act in relation to the proposal and a copy of the Notice to them endorsed with their consent is now produced to us marked CRP1.
4. A copy of the proposals is now produced marked CRP2 and to the best of my knowledge and belief all the matters set out therein are true.
5. Attached to my proposals at Appendix II is my Statement of Affairs for the Company which to the best of my knowledge is a true and complete statement as to the affairs of the Company as at ____ May 1998.

MAGRATH & Co**SOLICITORS**

Sworn at
22/54 Maddox Street, London W1R 9PA
Telephone 0171 495 3003
this 20th day of May 1998

before me,

a Solicitor/

Signed
Harold Franks
Director

IN THE HIGH COURT OF JUSTICE

SPECIAL CASE NO ²²⁷ OF 1998

CHANCERY DIVISION

RE: CRP LEISURE PLC

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CRP1
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This is the exhibit marked CRP1 referred to

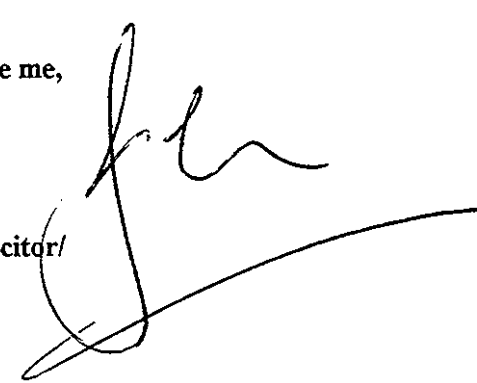
in the Affidavit of

HAROLD FRANKS

Sworn this 22nd day of May 1998

before me,

a Solicitor/



NOTICE TO INTENDED NOMINEES OF A COMPANY VOLUNTARY ARRANGEMENT
PURSUANT TO SECTION 1 OF THE INSOLVENCY RULES 1986 SPECIAL CASE 22 OF 1998

To: Lee Antony Manning and Gary Peter Squires
Of: Buchler Phillips
84 Grosvenor Street
London
W1X 9DF


From: Harold Franks
CRP Leisure Plc
C/o The Registered Company Office
Price Firman
Prince Consort House
Albert Embankment
London
SE1 7TS

I hereby give you formal Notice of the Company's Proposal to apply for a Company Voluntary Arrangement pursuant to the provisions of Part 1 of the Insolvency Rules 1986 and a copy of my proposal is annexed hereto.

You are Insolvency Practitioners authorised to act as such by the Insolvency Practitioners Association and I wish you to act as the Joint and Several Nominees for the purposes set out in the said proposal.

I request that you consent to act as Joint and Several Nominees and that you endorse your consent on the copy of the Notice enclosed and return it to me.

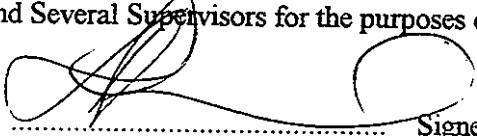
Signed


Harold Franks
Director

Dated:

We, Lee Antony Manning and Gary Peter Squires hereby confirm that we have received this proposal on the 20th May 1998 and agree to act as the Joint and Several Nominees and if appropriate as the Joint and Several Supervisors for the purposes of the proposed Company Voluntary Arrangement.

Signed


LEE ANTONY MANNING

Signed


GARY PETER SQUIRES

Dated: 22 May 1998

RE: CRP LEISURE PLC

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CRP2
.....

This is the exhibit marked CRP2 referred to

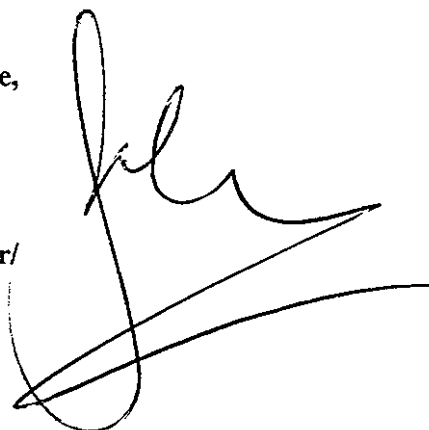
in the Affidavit of

HAROLD FRANKS

Sworn this 28th day of May 1998

before me,

a Solicitor/

A handwritten signature in black ink, consisting of a large, stylized 'J' or 'L' shape with a horizontal stroke extending to the right, and a diagonal stroke crossing the bottom of the 'J' or 'L'.

CHANCERY DIVISION

IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF CRP LEISURE PLC

PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT

THE PROPOSALS OF HAROLD FRANKS, ONE OF THE DIRECTORS OF THE ABOVE NAMED COMPANY WHICH REGISTERED OFFICE IS c/o PRICE FIRMAN, PRINCE CONSORT HOUSE, ALBERT EMBANKMENT, LONDON SE1 7TJ

To: Mr Lee Antony Manning and Gary Peter Squires, Buchler Phillips, 84 Grosvenor Street, London W1X 9DF - "The Nominee".

1. HISTORY OF THE COMPANY

- 1.1 CRP Leisure Plc ("the Company") was incorporated on 15 March 1984. The principal trading activity of the Company is that of a holding company of a group of companies. The subsidiary companies were Stateone Limited ("Stateone") formerly known as Victor Mara Limited and Themes Contracting Limited ("Themes"). Stateone's principal activity was the design, engineering and construction of sets for theatre, opera, product launches and exhibitions. Themes has not traded.
- 1.2 In 1992 the Company was listed on the Unlisted Securities Market ("USM"), and the Company traded through its subsidiary Stateone, which had a relatively small turnover (approximately £600,000 per annum). In view of this the directors wanted to expand the Company by acquiring a new business.
- 1.3 In 1995, the directors were introduced to a property company which wished to be reversed into a quoted company. The Company's advisors were therefore instructed to proceed with the transaction.
- 1.4 Unfortunately, the transaction failed as after due diligence was carried out certain warranties which the vendors had promised in relation to lines of finance which were available on the properties, could not be supported.
- 1.5 The Company was therefore left with its sole trading subsidiary Stateone.
- 1.6 The directors continued to seek suitable acquisitions including a housebuilder in Kent and a buy out by a football club which required listed company status. Neither of these became viable.
- 1.7 Following the closure of the USM at the end of 1996, the Company lost its listed status as the then board was unable to provide the listing authorities with sufficiently clear plans for the future, which would have allowed it to continue on the AIM or full market.
- 1.8 Trading of the subsidiary continued to be difficult with the market being not only highly competitive but also few new productions were being brought to the stage.

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- 1.9 During 1996 the Company, through its subsidiary Stateone landed a successful tender with THE Limited to build a fairground ride in Sweden. Although all work was completed a substantial amount remained unpaid under the terms of the contract, resulting in Stateone petitioning for the winding up of THE Limited. We have been advised that it is unlikely that there will be a distribution to unsecured creditors from the Liquidation. Throughout this period the trading of Stateone was funded by a bank facility, loans from associated parties and the inter-company loan.
- 1.10 Following the default on payment of the contract by THE Limited the directors sought a trade buyer of Stateone's assets. In October 1997 a sale of the assets of Stateone was completed.
- 1.11 This enabled Stateone to dispose of its main asset, the freehold property in Newport Street, and settle its creditors from the proceeds of the building.
- 1.12 This has enabled the repayment of a substantial sum towards the intercompany debt. However, Stateone is not in a position to repay the full amount until all its affairs have been finalised.
- 1.13 Following the sale of the business and assets of Stateone, and as no viable business opportunities have become available, the Company came under increased financial pressure.
- 1.14 The directors then sought the advice of an independent insolvency practitioner, Buchler Phillips.

2. ESTIMATED STATEMENT OF AFFAIRS AS AT 20 MAY 1998

- 2.1 I present as Appendix I the Directors Estimated Statement of Affairs for the Company as at May 1998. The details of the significant items as identified in the Statement are set out below.

ASSETS

Intercompany Book Debt

- 2.2 The intercompany debt, which is due from Stateone owes amounts to £70,706 of which £48,000 is estimated as collectable.

Debtor - THE Limited

- 2.3 A sum of £30,000 was lent to THE Limited in 1995 to assist as working capital. THE Limited is now in Liquidation following a petition made by the Stateone. There is no likelihood of a distribution to Unsecured Creditors.

Cash at Bank

- 2.4 There is cash of £7,713 at the Midland Bank Plc.

VAT Refund

- 2.5 There is a VAT refund due of £3,304 for the quarter ended 28 February 1998. It is unlikely that this will be repaid as HM Customs & Excise have made a claim against the Company (see 2.11 below).

Investment in Subsidiary

- 2.6 This represents the Company's interest in Stateone which has no commercial value.

Other Assets

- 2.7 For the purpose of this report, it should be noted that:

- (a) there are no charged assets in favour of creditors.
- (b) there are no assets which are to be excluded from the Voluntary Arrangement.
- (c) there are no third party assets to be included in the Voluntary Arrangement.

LIABILITIES

Preferential Creditors

- 2.8 There are no preferential creditors in this matter.

Unsecured Creditors

Trade and Expense Creditors

- 2.9 There are 11 known trade and expense creditors totalling £172,945.

Associated Creditors and Loan Stock

- 2.10 The associated creditors and loan stock total £459,128. With the exception of the interest due on the loan stock of £74,353 the remaining amount of £384,775 the associated creditors which are prepared to defer their claims in the CVA if it can be executed on the grounds proposed. This would not happen in a Liquidation.

HM Customs & Excise

- 2.12 HM Customs & Excise have made a claim against the Company for £96,455 in respect of repayments made for the period 1 September 1994 to 31 August 1997. This is currently being disputed by the Company through specialist tax advisors, Williams Jeffrey Barber.

3. THE PROPOSAL

Details of the Proposal

- 3.1 It is proposed that the Company's assets, as referred to in Section 2 will be, subject to the Arrangement costs, distributed to the Company's participating unsecured creditors.
- 3.2 As indicated by the Estimated Outcome Statement presented at Appendix IV, the unsecured creditors will receive a dividend of approximately 16 pence in the pound in full and final settlement of their claims. This dividend will be paid within 4-6 months of the effective date. The rate of dividend is based on the estimated realisable value of assets and the estimated level of creditors claims according to the Directors' Estimated Statement of Affairs, before the costs of the CVA.

- 3.3 The associated creditors and loan stock creditors, with the exception of the Loan interest of £74,353 due in respect of the loan stock will not participate in any distribution made to creditors and will remain creditors to the company after the CVA.

Definitions and Interpretation

"the Act"	The Insolvency Act 1986
"Claim"	any claim against the Company in respect of any Secured Liability, Preferential Debt, Unsecured Debt and/or Moratorium Debt
"the Company Voluntary Arrangement and/or CVA"	the Company Voluntary Arrangement of the subject of the Proposal
"Connected Creditors"	those persons who have a Claim against the Company and who are also connected with the Company (as that term is defined in Section 249 of the Act)
"the Creditors"	the CVA Creditors, the Secured Creditors and the Preferential Creditors
"the CVA Creditors"	all creditors of the Company including the Connected Creditors to whom Moratorium Debts are at any time owed.
"the Debts"	the Moratorium Debts, the Preferential Debts and the Secured Liabilities
"the Directors"	the directors of the Company from time to time, to include the directors at the Relevant Date being as set out in Appendix I
"the Existing Guarantors"	those persons who have guaranteed any liability of the Company whatsoever and whose guarantee is as at the Relevant Date in full force and effect
"the Expiry Date"	the date on which the Company Voluntary Arrangement terminates in accordance with Paragraph 3.5
"the Joint Nominees"	Lee Antony Manning and Gary Peter Squires both of Buchler Phillips, 84 Grosvenor Street, London W1X 9DF
"the Preferential Creditors"	all creditors to whom Preferential Debts are owed
"the Preferential Debts"	all debts which would have been preferential pursuant to Section 386 and Schedule 6 of the Act if the Company were being wound up and if the Arrangement Date were the date on which the Company had gone into liquidation within the meaning of Section 247(2) of the Act
"the Proposal"	the Directors' proposal for a Company Voluntary Arrangement pursuant to Part I of the Act the terms of which are contained in this document

cont'd/...

"the Effective Date"	the day on which this voluntary arrangement is approved at the statutory meetings of members and creditors
"the Rules"	the Insolvency Rules 1986 (as amended by the Insolvency (Amendment) Rules 1987 and by the Insolvency (Amendment) Rules 1989)
"the Secured Creditors"	all creditors to whom Secured Liabilities are owed
"the Secured Liabilities"	liabilities of the Company to the extent that they are secured (as defined in Section 248 of the Act)
"the Statutory Meetings"	the meetings of creditors and members of the Company convened by the Directors pursuant to Section 3 of the Act and the Rules
"Sterling"	pounds (£) sterling or other currency from time to time of the United Kingdom
"the Supervisors"	the Joint Nominees or such other person(s) as the Statutory Meetings may elect to act as supervisor(s) of the Company Voluntary Arrangement (or any successors appointed by the Court) or by variation in accordance with paragraph 3.61.
"the Supervisors Remuneration"	the liabilities, costs, disbursements, fees and remuneration referred to in Paragraph 3.56.

The Terms

- 3.4 The proposal will be administered by the terms summarised below.

Coming into Effect

- 3.5 The Arrangement shall come into effect upon the approval of the Proposal in accordance with the provisions of the act and the rules.

The Duration of the Agreement

- 3.5 It is intended that the Company Voluntary Arrangement shall continue for a period of 6 months to enable the Supervisors sufficient time to realise the remaining assets, establish the creditors claims and pay a dividend the participating unsecured creditors.
- 3.6 The Joint Supervisors can however at their discretion, extend the period of the arrangement, should they wish to do so, if they form the opinion that such an extension would be in the interests of the creditors.

Preferential Creditors

- 3.7 The Company Voluntary Arrangement will not prejudice the position of preferential creditors. They will be afforded the status given to them by Section 386 and Schedule 6 of the Act, and they will receive a distribution in settlement of their claims in priority to unsecured creditors.

Unsecured Creditors

- 3.8 Unsecured Creditors will receive a dividend in respect of their proved debts in full and final settlement. The extent of the dividend will depend upon the final claims proved.

Reviewable Transactions

- 3.9 To the best of the directors' knowledge there are no circumstances that could give rise to claims under any of the following sections of the Act in the event of the Company being placed in liquidation.
- Section 238 - Transactions at an undervalue
 - Section 239 - Preferences
 - Section 244 - Extortionate credit transactions
 - Section 245 - Avoidance of certain floating charges

The Joint Nominees

- 3.10 Lee Antony Manning and Gary Peter Squires of Buchler Phillips, 84 Grosvenor Street, London W1X 9DF, who are Licensed Insolvency Practitioners and are authorised to act as such by the Insolvency Practitioners Association, are the Joint Nominees
- 3.11 The Nominees are to be paid the sum of £3,500 plus VAT in respect of their fees together with any out of pocket expenses that will be incurred in connection with this proposal.

The Proposed Supervisors

- 3.12 Lee Antony Manning and Gary Peter Squires of Buchler Phillips, 84 Grosvenor Street, London W1X 9DF, who are Licensed Insolvency Practitioners and are authorised to act as such by the Insolvency Practitioners Association, are the proposed Joint Supervisors.

Supervisors' Functions

- 3.13 It shall be the duty of the Supervisors to implement the voluntary arrangement in accordance with the provisions of Part I of the Act and the Insolvency Rules and the terms of the proposal. For the avoidance of doubt each of the creditors irrevocably authorises the Supervisors to exercise and carry out all acts and exercise all discretions, authorities, powers and duties conferred upon the Supervisors by or reasonably incidental to the proposal in order to facilitate the implementation of the voluntary arrangement.
- 3.14 Without prejudice to the generality of clause 3.13 the Supervisors shall have the powers listed below in connection with the implementation of the voluntary arrangement:
- (a) power to enter into any compromise or arrangement with any creditor having or alleging themselves to have any claim;
 - (b) power to appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;
 - (c) power to make any payment which is necessary or incidental to the performance of his functions;

- (d) power to appoint a committee of creditors which shall be entitled to exercise the powers of the general body of creditors;
 - (e) power to present a petition for the winding up of the Company;
 - (f) power to agree the claims of creditors in accordance with the procedure set out in clause 3.46 below;
 - (g) power to deal with creditors' claims and to distribute the assets of the Company in accordance with the terms of the voluntary arrangement;
 - (h) power to do all other things incidental to the exercise of the foregoing powers.
- 3.14 The Supervisors shall have no duties or responsibilities except as may be expressly set out herein or imposed by the Act and the Insolvency Rules.
- 3.15 The Supervisors may perform their duties through agents and employees, and shall be entitled to rely on any communication, instrument or document or information (whether provided in writing or orally) believed by them to be genuine and correct and shall be entitled to rely upon the advice of or information obtained from any professional adviser or other person (whether instructed by them or not) believed by them in good faith to be competent.
- 3.16 The Supervisors may act jointly or severally in connection with the implementation of the voluntary arrangement, and:
- a) In exercising their powers in carrying out their functions, the Supervisors shall act as agents of the Company and shall incur no personal liability in acting in that manner.
 - b) In exercising their powers and in carrying out their functions under the voluntary arrangement, the Supervisors shall at all times after the approval of the voluntary arrangement be fully and effectively indemnified on demand from the Company's assets from and against all debts, liabilities and obligations of whatsoever nature and howsoever arising out of the arrangement or of any acts of whatsoever nature and howsoever arising in performing or putting in to effect the provisions of the voluntary arrangement.
- 3.17 The provisions of clauses 3.16 a) and b) shall not apply in respect of matters arising from the bad faith, wilful default or negligence of the Supervisors.
- 3.18 The Supervisors may, at their absolute discretion, invite any creditor of the Company who has not received notice of the meeting convened to consider the Company's proposal to join and be bound by the voluntary arrangement.
- 3.19 The Supervisors will be responsible for the realisation of all of the assets to be included in the Arrangement and the distribution thereof, and the agreement of creditors' claims.

Provision of Information

- 3.20 The Supervisors will have access at all times to the Company's premises (subject to the rights of any lessee) and financial and accounting records insofar as they are necessary to enable them to facilitate the implementation of the CVA.

Claims

- 3.21 As soon as practicable after the approval of the proposal the Supervisors shall send a notice to each person shown in the Statement of Affairs as a creditor and to any other person to whom they believe the Company to be indebted, requiring that person to provide such details of the amount claimed to be due from him as the Supervisors think fit.
- 3.22 Claims shall be proved and admitted or rejected in accordance with the following procedure:
- (a) the Supervisors may, if they think it necessary, require a Claim to be verified by means of affidavit, in such form as they think fit;
 - (b) a person claiming to be a Creditor is responsible for the cost of submitting his Notice of Claim and, if applicable, of providing such documentary evidence or other evidence as the Supervisors may require;
 - (c) a Notice of Claim may be admitted for dividend by the Supervisors either for the whole amount claimed by the Creditor, or for part of that amount, and if the Supervisors reject a Notice of Claim in whole or in part they shall prepare a written statement of their reasons for doing so, and send it to the Creditor;
 - (d) the Supervisors shall maintain a record of all Claims and the documentation substantiating the admitted Claims and shall allow such records and documentation to be inspected, at all reasonable times on any business day, by any of the following persons:
 - (i) any Creditor who has submitted a claim (unless his claim has been wholly rejected for the purposes of the Company Voluntary Arrangement);
 - (ii) any contributory of the Company (as defined by Section 79 of the Act);
 - (iii) any person acting on behalf of either of the above.
- 3.23 The Supervisors shall be entitled but not obliged to take such steps with a view to ascertaining the identity of the creditors of the Company as they consider appropriate.
- 3.24 The amount on which payment or dividends are to be calculated shall be the sum for which a proof has been submitted and accepted by the Supervisors.
- 3.25 If a creditor is dissatisfied with the Supervisors' decision with respect to his Claim (including any decision on the question of whether he ranks as a Preferential Creditor or Secured Creditor), he may apply to the Court under Section 7(3) of the Act for the decision to be reversed or varied, but such application must be made within 21 days of the Creditor receiving the written statement mentioned in Paragraph 3.22(c) (but the Supervisors shall not be personally liable for costs incurred by any person in respect of such an application unless the Court makes an order to that effect).

3.26 Subject to the foregoing provisions and the proposal:

- a) any dividend to be paid will be in full and final settlement of all sums shown to be due to creditors;
- b) creditors will have no further claims against the Company's assets after the expiry of the Arrangement; and
- c) creditors will be deemed to have waived all legal rights against the Company to present a Winding-Up petition or other legal proceedings in England or worldwide in respect of sums due to them prior to the approval of the Arrangement.

3.27 A creditors proof may, by agreement between the creditor and the Supervisors be varied or withdrawn at any time.

3.28 All Claims must be made no later than 28 days following the acceptance of the proposals.

Foreign Currency Claims

3.29 All Claims in currencies other than Sterling will be converted to Sterling at the middle market exchange rate for London for the relevant currency as published by "The Financial Times" (or in the event of manifest error or non-publication such other newspaper as the Supervisors shall select) in respect of the Arrangement date, and any payments made to Creditors with such Claims will be made by cheque in Sterling.

Interest

3.30 For the purpose of calculating any Claims, there shall not be included as part of any Claims any interest arising out of contract, judgement, decree or otherwise except interest (herein called "Admissible Interest") for a period or periods ending on the date of approval of the Voluntary Arrangement which would have been admissible in proof against the Company in accordance with Rule 4.93 of the Rules if the Company were being wound up.

Set-Off

3.31 Where before the date of the Voluntary Arrangement there have been mutual credits, mutual debts or other mutual dealings between the Company and any Creditor who has submitted a Notice of Claim (which may include, for the avoidance of doubt, contingent and unliquidated Claims estimated under Paragraph 3.32) and in the absence of agreement to the contrary, the Supervisors shall take an account of what is due from each party to the other in respect of such mutual dealings and the sums due from one party shall be set off against the sums due from the other. Only the balance (if any) of the account will be admitted as a Claim or, alternatively, (as the case may be) shall be paid to the Supervisors as part of the CVA Assets.

Contingent Claims

3.32 (a) Creditors who, at the Effective Date, have contingent or unliquidated claims, will be admitted to vote at the Statutory Meetings for such estimated minimum value as the chairman of the Statutory Meetings decides.

(b) The Supervisors:

- (i) may estimate the value of any Claim which is subject to any contingency or for any other reason does not bear a certain value; and

cont'd/...

- (ii) may revise any estimate previously made, if they think fit by reference to any change of circumstances or to information becoming available to them and they shall inform the Creditor in writing as to their estimate and any revision of it.

Secured Creditors

- 3.33 (a) A Secured Creditor may, with the agreement of the Supervisors or the leave of the Court, at any time alter the value which he has in his Claim put upon his security.
- (b) If a Secured Creditor voluntarily surrenders his security for the general benefit of Creditors, he may prove for his whole debt, as if it were unsecured.

Payments of a periodical nature

- 3.34 In the case of rent and other payments of a periodical nature the Creditor may prove for any amounts due and unpaid as at the date of the Arrangement;

Debts payable at future time

- 3.35 (a) Where a CVA Creditor has proved for a debt of which payment is not due at the date of the distribution, he is entitled to a distribution equally with other CVA Creditors, but subject as follows:
- (b) For the purpose of the distribution (and for no other purpose) the amount of the CVA 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%, and M is the number of months (expressed, if need be, as, or as including, fractions of months) between the date of the distribution and the date when payment of the CVA Creditor's debt would be otherwise be due.

Excluded Claims

- 3.36 All Claims which are excluded by the Supervisors pursuant to Paragraph 3.48(b), shall, with effect from such date, be treated for all purposes as irrevocably released and no such Creditors shall be entitled to repayment thereof nor can such debts thereafter be demanded.

Moratorium

- 3.37 For the duration of the Company Voluntary Arrangement, no Creditors shall be entitled to take any step or proceedings against the Company or any CVA Assets (whether by way of demand, legal proceedings, execution, judgement or otherwise howsoever) for the purpose of obtaining payment or settlement of any Claims.

Connected Persons

- 3.38 There are connected persons as defined in Section 249 of the Act who are creditors of the Company as referred to in Paragraph 2.9.

Guarantees

- 3.39 No guarantees will be given by any other party for the Company's performance under this Proposal.

Credit Facilities

- 3.40 At the time of this proposal it is not proposed that the business of the Company will be continued during the course of the Arrangement. In the event that the business does continue at some later date, it is not intended that the Supervisors duties shall extend to the supervision of any business to be carried on by the Company or to the Arrangement of any credit facilities which may be sought outside the scope of the Arrangement.

Banking

- 3.41 Any sums held for the purposes of the voluntary arrangement shall be placed in interest earning accounts with such bank or other financial institutions as the Supervisors may from time to time determine, pending distribution in accordance with the terms of the voluntary arrangement.

Distribution of Dividends and Proving

- 3.42 The Supervisors will make a distribution to creditors as soon as possible.
- 3.43 Funds coming into the Arrangement will be held, distributed and invested at the total discretion of the Supervisors.
- 3.44 If any dividend paid by cheque remains unrepresented by the creditor after six months from the date of the cheque drawn in respect of such dividend, and if such unclaimed dividends do not exceed more than £500 in value, this sum should be returned to the Company (net of any further costs of the Supervisors).
- 3.45 If such funds exceed the sum of £500, a further distribution will be made to those creditors who have presented the cheque in respect of payment of the dividend. A dividend however, will not be undertaken in the event that the costs of arranging for a revised dividend to those other proving creditors exceeds the value of the funds held in which case the funds will be returned to the Company as in 3.44.
- 3.46 In admitting proofs of debt for dividend under this Arrangement, the Supervisor shall apply those provisions of the Insolvency Rules relating to the admission of proofs by a Liquidator. The Supervisors will also investigate to their satisfaction the validity of any Security, liens or preferential creditor status claimed.
- 3.47 It is proposed that funds paid to and the proceeds of assets realised by the Supervisors shall be distributed in the following order:-
- (a) In payment of the Joint Supervisors' remuneration and expenses in accordance with the terms of this Proposal.
 - (b) In paying all other expenses incurred, during the course of the CVA, by the Supervisors.

cont'd/...

- (c) In paying in full any Creditor of the Company whose claim is preferential within Section 386 of the Act "Preferential Creditors" as at the Effective Date.
- (d) In paying a dividend to Unsecured Creditors whose claims shall be calculated as at the Effective Date on a pari passu basis to the extent of their claims.

Distribution of the CVA Assets - Method of Payment

- 3.48 (a) The distribution(s) to CVA creditors (if any) will be made on such dates and in such amounts as the Supervisors in their absolute discretion may consider appropriate.
- (b) The Supervisors may at their absolute discretion exclude from any distribution any Claims (or any part thereof) in respect of which a Notice of Claim has not been lodged with the Supervisors on or before the expiry of 28 days after the Effective Date by the relevant Creditor.
- (c) In the event that the Supervisors exercise their discretion pursuant to Paragraph 3.18 or a claim is increased or admitted in accordance with Paragraphs 3.25, 3.27 or 3.33 after the payment of a dividend or dividends, a CVA Creditor shall not be entitled to disturb any previous dividend or distribution thereof. Subject thereto, the CVA Creditor will be entitled to be paid out of CVA Assets a sum equal to any previous dividend or dividends which he has failed to receive and any such payments shall be made to such CVA Creditor before any CVA Assets are applied in the payment of further dividends.
- (d) In the event that a Notice of Claim is reduced, withdrawn or expunged under Paragraph 3.27, the CVA Creditor shall be liable to repay to the Supervisors any amount overpaid by way of dividend.
- (e) Subject to Paragraph 3.48(a), the Claims of the CVA Creditors which are contingent, unliquidated or unascertained will be paid, to the extent they are payable under the terms of the Proposal, as and when they fall due to be paid, subject to Claims being admitted in accordance with that specified in the Arrangement. The Supervisors may, however, at their absolute discretion make distributions to such CVA Creditors on the basis of their estimates made under Paragraph 3.32(b) (as adjusted to take account of any acceleration of the due date) in which event such Claims shall be regarded as due. Upon such a Claim becoming due and being admitted and insofar as it has not already been paid pursuant to an estimate, it shall be treated as follows:
- (i) if any previous distribution has been made to any CVA Creditors, the Claim will be paid at a rate of dividend equal to the effective rate received by such CVA Creditors in accordance with Paragraph 3.47 (such effective rate being calculated by taking, as at the date of payment of such Claim, the aggregate of the distribution to those CVA Creditors as a percentage of the aggregate of their Claims); and
 - (ii) if no previous distribution has been made to any CVA Creditors, the Claim will rank pari passu with other Claims in the first distribution when it is made.

- (e) Where two or more CVA Creditors have Claims against the Company in respect of the same debt or liability, or where payment by the Company to one would also discharge the Company's liability to one or more other CVA Creditor, for the purposes of distributions from the CVA Assets, such CVA Creditors will be treated as having a single claim equal to the amount of the relevant debt or liability or to such sum as would discharge the Company's liability to the relevant CVA Creditors.

Payments to Constitute Principal

- 3.49 All payments made by the Supervisors shall be deemed to constitute the principal element comprised within the Claims and only when such principal element has been repaid shall payments go towards repayment of Admissible Interest.

Withholding Tax

- 3.50 If the Supervisors are so required by law, the Supervisors shall deduct tax from any amount payable by them hereunder and shall deliver to the relevant Creditor in respect of the amount so paid by them a certificate as to the gross amount of such payment, the amount of tax deducted and the actual amount paid and certifying that the Supervisors have paid the amount of tax deducted to the Inland Revenue. If the Supervisors are required to make such deduction of tax, the Supervisors will not be required to make any additional payment to the relevant Creditor.

Payment of Dividends

- 3.51 The Arrangement does not contemplate and the Supervisors shall bear no responsibility for the making of, any payments by way of dividend, distribution or otherwise, to creditors other than as set out in Paragraph 3.47.
- 3.52 Rule 4.182(2) and Rule 11.8 of the Rules shall apply to and for the purpose of this Arrangement, in the event that the payment of dividends is not covered in this proposal, specifically under 3.48.
- 3.53 Payments and dividends to creditors shall be paid by cheque drawn in sterling on a United Kingdom branch of a recognised bank and sent by post at the risk of creditors to them at the addresses notified by them to the Supervisors.

Liability of the Supervisor

- 3.54 Each of the Creditors and the Company agrees that the Supervisors shall not assume any fiduciary or other special responsibility to any Creditor or the Company (as the case may be) and that all information supplied to the Supervisors has emanated from the Company or some other third party and that the Supervisors do not warrant the accuracy of that information.
- 3.55 Neither the Supervisors nor any person acting on their behalf shall incur any personal liability under or in respect of contracts or other obligations of the Company whether present or future, actual or contingent.

Fees and Expenses

- 3.56 It is proposed that the Supervisors will receive remuneration based upon the time expended by their staff in dealing with this Arrangement.

cont'd/...

3.57 The Supervisors shall be authorised to apply from funds under their control such sums they are required to pay by virtue of the Arrangement or any rule of Law, fees and disbursements specified in the Arrangement and any other expenses properly incurred by them in pursuance of the Arrangement but not limited to:-

- a) the fees of any valuer or agent retained by the Supervisors;
- b) the cost of any action to which the Supervisors are a party wherein costs are incurred by them or in their capacities as Supervisors;
- c) any tax assessable on them in their capacity;
- d) the costs of complying with any obligations laid upon the Supervisors by virtue of the Arrangement, the Act, the Rules or any other rules.

3.58 The Supervisors shall be entitled to draw or otherwise require the Company to pay them sums on account of their fees and expenses from time to time and the fees and expenses of the Supervisors shall be payable and paid in priority to amounts due to any creditors.

Appointment of a Creditors Committee

3.59 If the creditors wish, a creditors committee may be established at the creditors meeting comprising of between 3 and 5 creditors to assist the Supervisors in the discharge of their functions. The existence of such a creditors committee will avoid the need to convene a further creditors meeting if the Supervisors require assistance on a particular aspect of the Arrangement which is not covered in the proposal. Other than as expressly provided for in this proposal, the creditors committee shall have the powers and constitution defined in the Act, according to Part 2, Chapter 4 which shall be read assuming that "voluntary arrangement" is substituted for "administration", and "supervisor" is substituted for "administrator".

3.60 If a creditors committee is not formed or in the event that the Supervisors and creditors committee are unable to agree on an issue, then the Supervisors may refer any matters arising during the continuance of the Arrangement for which he requires direction or authority, to a meeting of creditors and, if appropriate to also to a meeting of members. Such meetings shall be guidance only and shall not be able to pass binding resolutions.

Subsequent Modifications of the Proposal

3.61 Modifications to the proposal after it has been approved may be proposed by the directors of the Company and may be considered at a meeting of creditors and a meeting of members convened by the Supervisors for this purpose in accordance with paragraph 3.62 below.

3.62 The Supervisors shall give not less than 14 days notice of the respective meetings to the creditors and members. Rules 1.19 and 1.20 of the Rules shall apply to the meetings of creditors and members for the purpose of determining whether the requisite majority has been obtained. If the requisite majority is obtained at each meeting, then the modification(s) shall bind every person who had notice of the meeting in accordance with this paragraph. Rule 12.4A of the Rules shall apply (quorum at meetings). In addition, Rules 1.13 to 1.18 and 1.21 of the Rules shall apply (conduct of meetings, voting rights and adjournment).

Notices

- 3.63 Any notice or demand hereby or by law authorised or required to be given shall be sufficiently given by posting the same by post to or telexing, faxing or leaving the same at, in the case of the Company, its registered office, and in the case of any other party, its address last known to the Company. If such notice or demand is posted, it shall be deemed to have been received by the addressee 48 hours after the same shall have been posted. If such notice or demand is sent by telex or fax, it shall be deemed to have been received at the time of transmission, save that if such transmission is made otherwise than between 9.00 am and 6.00 pm on a business day other than a Saturday, Sunday or public holiday, such transmission shall be deemed to have been received at 9.00 am on the next business day of such offices.

Jurisdiction

- 3.64 The Proposal and the Company Voluntary Arrangement shall be subject to English law and the Creditors shall submit to the non-exclusive jurisdiction of the English Courts.

Vacancy in Office of Supervisor

- 3.65 Should a vacancy arise in the office of Supervisor, by death or otherwise, that vacancy may be filled by another partner in the firm of Buchler Phillips, qualified to act as an insolvency practitioner and appointed to fill the vacancy by the head partner of Buchler Phillips corporate recovery division.

Termination

- 3.66 The Arrangement shall, subject to the terms as set out in the proposal or otherwise in these additional terms, continue in full force and effect until such time as there are no further funds or assets held by the Supervisors or the Company and they shall have issued;
- a) a Certificate that the actions and matters contemplated to be done pursuant to the Arrangement have so been done and the purposes have been fulfilled ("a Completion Certificate");
 - b) a Certificate that there has been a material failure, irregularity or non-compliance in connection with the Proposal or Arrangement ("a Non-Compliance Certificate").
- 3.67 The Supervisors shall promptly give notice of the fact of any issue of a Completion Certificate or a Non-Compliance Certificate to the Company and all known creditors.
- 3.68 If the Supervisors issues a Non-Compliance Certificate they may:
- a) issue a Winding-Up Petition against the Company; or
 - b) realise any assets under their control and distribute any funds in their hands in accordance with the terms of the Arrangement and continue to exercise any other powers given to them.
- 3.69 Upon issue of a Completion Certificate the Company shall be released from all their liabilities to creditors except otherwise specified in the Arrangement. The Company Voluntary Arrangement shall have no further effect save that all Claims of the CVA Creditors shall be deemed to have been irrevocably waived and released and the CVA Creditors shall have no further or additional rights against the Company in respect of their claim.

Release

- 3.70 Upon the Expiry Date, all Claims of the CVA Creditors shall be deemed to have been irrevocably waived and released and the CVA Creditors shall have no further or additional rights against the Company in respect of their claim.
- 3.71 On termination of this Arrangement the Supervisors shall have no liability to any creditor or to any other person save that they shall return to the Company any and all funds held by them.
- 3.72 During the course of the Arrangement the Supervisors will retain sufficient funds to issue a Winding-Up Order should, for any reason, the Company Voluntary Arrangement fail.

Dated this day of May 1998

For and behalf of the Board of Directors
of CRP Leisure Plc

.....
H Franks - Director

CRP Leisure Plc

Statutory Information

Date of Incorporation	15 March 1984		
Registered Number	1800158		
Registered Office	Price Firman Prince Consort House Albert Embankment London SE1 7TJ		
Principle Business	Holding Company		
Directors	Harold Franks 4 Highwood Sunset Avenue Woodford Green Essex IG8 0SE	Malcolm Horsman Jungmannova 14 Praha 1 111 25 Czech Republic	Giuliano Lorenzo Lotto 26 Harrington Gardens London SW7 4LS
Company Secretary	Harold Franks 4 Highwood Sunset Avenue Woodford Green Essex IG8 0SE		
Share Capital	2 p Ordinary Shares totalling £727,508		
Shareholders	The share register is kept by Independant Registrars Group Ltd		

C . R . P . L E I S U R E P L C .

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS AS AT 20 MAY 1998

	Book Value	Estimated Realisable Value
	£	£
<u>ASSETS</u>		
Assets Not Specifically Pledged		
Inter-company Book Debt	70,706	48,000
Debtor - THE Limited	30,000	0
Cash at Bank	7,713	7,713
HM Customs & Excise - VAT Refund	3,304	0
Investment in Subsidiary	<u>0</u>	<u>0</u>
	111,723	55,713
<u>CREDITORS</u>		
Preferential Creditors	<u>0</u>	<u>0</u>
Surplus/(Deficit) as regards Preferential Creditors	111,723	55,713
Unsecured creditors		
Trade and Expense Creditors (Appendix III)	(172,945)	(172,945)
Associated Creditors (Appendix III)	(159,128)	(159,128)
Loan Stock (Appendix III)	(300,000)	(300,000)
HM Customs & Excise - VAT	<u>(96,455)</u>	<u>(96,455)</u>
TOTAL CREDITORS	<u>(728,528)</u>	<u>(728,528)</u>
DEFICIT TO UNSECURED CREDITORS	(616,805)	(672,815)
<u>SHARE CAPITAL</u>		
Shareholders Funds	<u>(727,508)</u>	<u>(727,508)</u>
DEFICIT TO SHAREHOLDERS	<u>(1,344,313)</u>	<u>(1,400,323)</u>

Notes:

1. The above statement does not take into consideration the costs of realisation
2. Minor rounding differences may occur.

C . R . P . L E I S U R E P L C .

LIST OF UNSECURED CREDITORS

Trade and Expense Creditors

	£
Keith, Bailey, Rogers & Co	50,337
Robert Jones Carr & Assoc Ltd	33,000
Laytons	23,536
Evenround Limited	21,147
Environmental Emplacement (UK) Limited	19,744
Tarlo Lyons	7,823
Jayson Newman	7,047
Stoy Hayward	3,443
South East Surrey	3,000
A. Steale & Co.	2,525
Companies House	1,000
Independant Registrars Group Ltd	343
	<hr/>
Total Trade Creditors	<u>172,945</u>

Associated Creditors

Fineight International Inc Ltd - Loan Interest	49,498
Fineight International Inc Ltd	29,439
Bier Group Limited - Loan Interest	24,855
Bier Group Limited	20,036
G Lotto	18,800
H Franks	16,500
	<hr/>
Total Associated Creditors	<u>159,128</u>

Loan Stock

Fineight International Inc Ltd - Loan Stock	150,000
Bier Group Limited - Loan Stock	150,000
	<hr/>
	<u>300,000</u>

C . R . P . L E I S U R E P L C .

COMPARISON OF ESTIMATED OUTCOME UNDER VOLUNTARY ARRANGEMENT AND COMPULSORY LIQUIDATION

	Voluntary Arrangement		Compulsory Liquidation	
	£	£	£	£
<u>ASSETS</u>				
Inter-company debtor	48,000		48,000	
Debtor - THE Limited	0		0	
VAT Refund	0		0	
Cash at Bank	7,713		7,713	
Investment in Stateone Ltd.	0		0	
	<hr/>		<hr/>	
Available to Unsecured Creditors		55,713		55,713
<u>UNSECURED CREDITORS</u>				
Trade & Expense Creditors	(172,945)		(172,945)	
Associated Creditors	(74,353)		(159,128)	
Loan Stock	0		(300,000)	
HM Customs & Excise - VAT	(96,455)		(96,455)	
	<hr/>		<hr/>	
TOTAL CREDITORS		<u>(343,753)</u>		<u>(728,528)</u>
 POSSIBLE DISTRIBUTION IN THE £				
		<u>0.16</u>		<u>0.08</u>

Notes:

1. The dividend is subject to Supervisors/Liquidators costs and expenses.
2. In a Compulsory Winding Up realisations made would have to be banked with the Insolvency Services Account ("ISA") a government controlled facility which attracts lower rates of interest than would be available commercially. Secretary of State Fees will also have to be paid in respect of funds banked with the ISA. Further, there is a fee charged of 65p per cheque and an investment fee of 0.625% on the ISA. The Secretary of State Fees at current rates on funds banked into the ISA of £55,713 would total approximately £9,000. These fees will not apply in a CVA.

Rule 8.1

Insolvency Act 1986

Proxy (Company Voluntary Arrangement)

Pursuant to Section 3 of the Insolvency Act 1986

CRP Leisure Plc

Notes to help
completion of the
form

Please give full name
and address for
communication

Name of Member/Creditor _____

Address of Member/Creditor _____

Please insert name of
person (who must be
18 or over) or the
"chairman of the
meeting" (see note
below). If you wish to
provide for alternative
proxy-holders in the
circumstances that your
first choice is unable
to attend please state
the name(s) of the
alternatives as well

Name of proxy-holder

1. _____

2. _____

3. _____

Please delete words in
brackets if the proxy-
holder is only to vote
as directed, i.e. he has
no discretion

I appoint the above person to be my/the members/creditors proxy-holder at the meeting of members/creditors to be held on 11 June 1998 or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Please remember to complete the reverse of this form

Voting instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the proposed voluntary arrangement
(with the following modifications

2. For the appointment of _____
of _____
representing _____
as a member of the creditors committee

This form must be signed

Signature _____ CDate _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with member/creditor or relationship to creditor or other authority for signature

PROOF OF DEBT - GENERAL FORM**In the matter of CRP Leisure Plc****and in the matter of the Insolvency Act 1986 ("the Act")**

Date of Meeting of Creditors pursuant to Section 3 of the Act - 11 June 1998

(see notes at end re VAT Bad Debt Relief and period dates)

1	Name of Creditor		
2	Address of Creditor		
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (See Note)	(3a) Period A (3b) Period B (3c) Period C Total gross claim	£ £ £ ----- -----
4	Details of any document by reference to which the debt can be substantiated. (Note: the liquidator may call for any document or evidence to substantiate the claim at his discretion)		
5	If the total amount shown above includes Value Added Tax, please show: (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	Period A £ (5a) £	Period B £ (5b) £
6	If total amount above includes outstanding uncapitalised interest please state amount	£	
7	If you have filled in both box 3 and box 5, please state the amount you are claiming	Period A Period B Period C Total net claim £	(3a or 5a) (3b or 5b) (3c only) ----- -----
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under Section 386 of, and Schedule 6 to, the Insolvency Act 1986 (as read with Schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £	

9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	

Name in BLOCK LETTERS _____

Position with or relation to creditor _____ Date _____

Admitted to vote for

£

Date

Chairman

Admitted preferentially for

£

Date

Liquidator

Admitted

non-preferentially for

£

Date

Liquidator

NOTE: A

company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.

VAT BAD DEBT RELIEF (Under Finance Act 1990)

Period A Supplies on or before 31 March 1989.
VAT Bad Debt Relief claimable from HM Customs & Excise after acknowledgement from Liquidator of net claim.

Period B Supplies between 1 April 1989 and 25 July 1990 (inclusive).
Supplier has choice of relief under A above or C below.

Period C Supplies on or after 26 July 1990.
VAT Bad Debt Relief available after six months direct from HM Customs & Excise - claim gross in liquidation.

CRP LEISURE PLC

REQUISITE MAJORITIES - EXTRACT FROM INSOLVENCY RULES 1986

Rule

- 1.19 (1) Subject as follows, at the creditors' meeting for any resolution to pass approving any proposal or modification there must be a majority in excess of three-quarters in value of the creditors present in person or by proxy and voting on the resolution.
- (2) The same applies in respect of any other resolution proposed at the meeting, but substituting one-half for three-quarters.
- (3) In the following cases there is to be left out of account a creditor's vote in respect of any claim or part of a claim:-
- (a) where written notice of the claim was not given, either at the meeting or before it, to the chairman or convenor of the meeting;
 - (b) where the claim or part is secured;
 - (c) where the claim is in respect of a debt wholly or partly on, or secured by, a current bill of exchange or promissory note, unless the creditor is willing:-
 - (i) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the debtor, and against whom a bankruptcy order has not been made (or in the case of a company, which has not gone into liquidation), as a security in his hands, and
 - (ii) to estimate the value of the security and (for the purpose of entitlement to vote, but not of any distribution under the arrangement) to deduct it from his claim.
- (4) Any resolution is invalid if those voting against it include more than half in value of the creditors, counting in these latter only those:-
- (a) to whom notice of the meeting was sent;
 - (b) whose votes are not left out of account under paragraph (3); and
 - (c) who are not, to the best of the chairman's belief, persons connected with the company.
- (5) It is for the chairman of the meeting to decide whether under this Rule:-
- (a) a vote is to be left out of account in accordance with paragraph (3); or
 - (b) a person is a connected person for the purposes of paragraph (4)(c);

and in relation to the second of these two cases, the chairman is entitled to rely on the information provided by the Company's Statement of Affairs or otherwise in accordance with this part of the Rules.

(6) If the chairman uses a proxy contrary to Rule 1.15, his vote with that proxy does not count towards any majority under this Rule.

(7) Paragraphs (5) to (9) of Rule 1.17 apply as regards an appeal against the decision of the Chairman under this Rule.

Rule

1.20

(1) Subject as follows, and to any express provision made in the articles, at a company meeting any resolution is to be regarded as passed if voted for by more than one-half in value of the members present in person or by proxy and voting on the resolution. The value of members is determined by reference to the number of votes conferred on each member by the company articles.

(2) In determining whether a majority for any resolution has been obtained, there is to be left out of account any vote cast in accordance with Rule 1.18(2).

(3) If the chairman uses a proxy contrary to Rule 1.15, his vote with that proxy does not count towards any majority under this Rule.

VOLUNTARY ARRANGEMENTS — A CREDITORS GUIDE TO INSOLVENCY PRACTITIONERS' FEES

1. Introduction

1.1 In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioner appointed to implement the arrangement. This guide explains how fees are fixed in voluntary arrangements, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.

2. The voluntary arrangement procedure

2.1 Voluntary arrangements are available to both companies and individual debtors. Company voluntary arrangements are often referred to as CVAs, and individual voluntary arrangements as IVAs.

2.2 The procedure is similar for both CVAs and IVAs and enables the company or individual to put a proposal to their creditors for a composition in satisfaction of their debts or a scheme of arrangement of their affairs. A composition is an agreement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a stand-alone procedure or as an exit route from an administration. It may also be used where a company is in liquidation, but this is extremely rare. The proposal will be made by the directors, the administrator or the liquidator, depending on the circumstances. A proposal for an IVA may be made by a debtor whether or not he is already subject to bankruptcy proceedings. The proposal will be considered by creditors at a meeting convened for that purpose. The procedure is extremely flexible and the form which the voluntary arrangement takes will depend on the terms of the proposal agreed by the creditors. In both CVAs and IVAs the proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the nominee. If the proposal is approved, the nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.

3. Fees, costs and charges — statutory provisions

3.1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in the Insolvency Rules 1986 (rule 1.28 for CVAs and rule 5.28 for IVAs). They are:

- any disbursements made by the nominee prior to the approval of the arrangement, and any remuneration for his services agreed between himself and the company (or the administrator or liquidator, as the case may be) or the debtor (or the official receiver or trustee, where the debtor is subject to bankruptcy proceedings);
- any fees, costs, charges or expenses which:
are sanctioned by the terms of the arrangement (see below), or
would be payable, or correspond to those which would be payable, in an administration, winding up or bankruptcy (as the case may be).

3.2 The Rules also require the following matters to be stated or otherwise dealt with in the proposal (rule 1.3 for CVAs and rule 5.3 for IVAs):

The amount proposed to be paid to the nominee by way of remuneration and expenses, and
The manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed.

4. The role of the creditors

4.1 It is for the creditors' meeting to decide whether to agree the terms relating to remuneration along with the other provisions of the proposal. The creditors' meeting has the power to modify any of the terms of the proposal (with the consent of the debtor in the case of an IVA), including those relating to the fixing of remuneration. The nominee should be prepared to disclose the basis of his fees to the meeting if called upon to do so. Although there are no further statutory provisions relating to remuneration in voluntary arrangements, the terms of the proposal may provide for the establishment of a committee of creditors and may include among its functions the fixing of the supervisor's remuneration.

5. What information should the creditors receive?

5.1 Where the supervisors' fees are to be agreed by a committee of creditors, the supervisor should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case, and should always make available an up to date receipts and payments account. Where the fee is to be charged on a time basis the supervisor should be prepared to disclose the amount of time spent on the case and the charge out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case.

5.2 Where the supervisor makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the cost of facilities provided by his own firm, he should disclose those charges to the committee when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

5.3 Where the basis of the remuneration of the supervisor as set out in the proposal does not require any further approvals by the creditors or any committee of creditors, the supervisor should specify the amount of remuneration he has drawn in accordance with the provisions of the proposal in his subsequent reports to creditors on the progress of the arrangement. Where the fee is based on time costs he should also provide details of details of the time spent and charge out value to date and any material changes in the rates charged since the arrangement was approved.